



Strategic Planning Research Unit  
*A specialist team within DLP Planning Ltd*

**For and on behalf of  
Telford & Wrekin Council**

# **Economic and Housing Development Needs Assessment Part One**

**Prepared by  
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## **APPENDICES**

**Appendix 1** Parish Council Questionnaire

**Appendix 2** Telford & Wrekin Housing and Demographics Report (Edge Analytics, September 2020)

## **0.0 EXECUTIVE SUMMARY**

### **a) Housing Market Area and Functional Economic Market Area**

- 0.1 Our findings support the definition of Telford & Wrekin as a self-contained Housing Market Area (HMA). This conclusion is consistent with the outcomes of previous work but has been prepared with reference to more recent data and considered against the current criteria outlined within the Planning Practice Guidance.
- 0.2 More recent evidence in relation to migration flow and housing search patterns has established that trends in house prices within Telford & Wrekin remain distinct from those in immediately adjoining authorities, notwithstanding high recent levels of housebuilding. The physical geography of Telford & Wrekin including the degree of separation from other urban centres nearby reinforces these differences in housing market trends.
- 0.3 A comprehensive approach has been adopted to evaluate the strength of housing market links and the degree of change indicated by the most recent evidence. This exercise has established that individual indicators, such as relatively greater similarity in house prices or increases in the absolute number of estimated of person movements, should not be considered in isolation.
- 0.4 This is particularly the case for the potential to assess any strengthening of links between Telford & Wrekin and the Black Country authorities. Specifically, when considering change in flows between these areas as a proportion of the total these links remain substantially weaker than the strongest relationship with neighbouring Shropshire. Furthermore, the increase in absolute person movements does not appear to have increased disproportionately on a per capita basis.
- 0.5 This view is consistent with the recent findings of evidence produced by neighbouring authorities, none of which supports the definition of a broader HMA incorporating Telford & Wrekin.
- 0.6 Overall, the evidence suggests that Telford & Wrekin can be defined as a standalone Functional Economic Market Area (FEMA). However, this would cover only small parts of Shropshire, particularly rural areas close to Telford. This suggests that taking a 'best fit' approach, it would be reasonable to conclude that the FEMA is a 'best fit' to Telford & Wrekin Borough boundary.
- 0.7 An alternative would be to identify a FEMA covering the combined area of Telford & Wrekin and the whole of Shropshire – which is not justified by evidence. Furthermore, Shropshire Council have identified their authority area as a standalone FEMA distinct from Telford & Wrekin.
- 0.8 The Borough has seen an increase of approximately 21,280 residents between 2001 and 2019, to 70,420, of this growth an estimated 61% has occurred between 2011 and 2019. The proportion of residents aged under 17 has decreased between 2011 and 2019 as a result of the overall trend towards an ageing population. However, growth through natural change is an important component of the demographic profile and the actual number of younger residents has increased by around 6% over the period. The population of younger working-age adults (aged 18 to 44) has remained broadly static but the proportion has reduced in percentage terms due to changes at the younger and older end of the age profile.
- 0.9 Generally, across Telford & Wrekin, the majority of housing stock comprises detached housing (31%), semidetached (37%), followed by terrace (23%) and flats/apartments (16%). These proportions broadly comparable with the West Midlands, and are largely replicated across most of the sub areas, with the main exceptions being the Rural sub area in which there is a larger proportion of detached housing and the South East which has a

comparatively higher proportion of terraced housing at 43%.

- 0.10 Average completions over the last 11 years are 1,007 net additional dwellings per annum. There is a clear difference over the period, with the average for the first five years being fewer than 500; compared with an annual average of 1,167 net additional dwellings since 2014/15. The sustained nature of the increase in rates of delivery means that the housing requirement in the current Local Plan has been exceeded in each year from 2014/15 and overall, since the base-date of 2011 by 1,146 dwellings against the cumulative requirement.
- 0.11 Prior to the 2008-2010 recession the total volume of transactions in Telford & Wrekin peaked at 6,385 sales in 2004. This represented a turnover of 6.4% of total stock. Reflecting relatively high volumes of activity in the market relative to the borough's size this means that rates of turnover were consistently between 0.5% and 1.0% higher than in neighbouring Shropshire. Since the recession, while total sales have increased the trend does not reflect a year-on-year increase in the rate of turnover or total transaction volume. Total transactions have only exceeded 3,000 units in one year (2016). This is surprising given the sharp increase in new build development over the same period (substantially exceeding 1,000 units per annum). This would indicate relatively modest levels of activity and rates of turnover within the existing dwelling stock, which is consistent with relatively modest rates of house price growth within the 'all dwellings' total together with assumptions for growth in households within tenures other than owner occupation, principally private rented sector.
- 0.12 Telford & Wrekin has a diverse economy with sectoral strengths in Advanced Manufacturing and Engineering, Defence and Security, Environmental Technology, and Food Manufacturing and Processing. It is home to several large employers including; Capgemini, BAE Systems, Ricoh, Aceon and Magna Specialist. The Borough is also home to the Harper Adams University, which is renowned for its education and research on sustainable food chains, agri-tech and rural economy. The NiPark (Newport Innovation and Enterprise Package) an employment development being built in partnership with the Harper Adams University, seeks to consolidate this sectoral specialism.
- 0.13 Telford & Wrekin has a notably larger proportion of large businesses – 0.8% of businesses in Telford & Wrekin have 250+ employees, this is twice the national average of 0.4% and ranks 26th out of the 317 local authorities in England. Similarly, there is a greater proportion of medium-sized businesses (4.0%) in Telford & Wrekin than the national or regional averages (2.6% and 2.8% respectively), meaning Telford & Wrekin ranks 12th out of the local authorities in England.
- 0.14 The supports around 87,000 jobs (BRES), of which the highest proportion of jobs are to be found in the Manufacturing, business administration, health and education sectors.
- 0.15 The economic growth prospects for Telford & Wrekin have been considered through a range of sources; econometric forecasts, growth strategies and stakeholder engagement. The impacts of the Covid-19 pandemic and Brexit have also been considered. All three econometric forecasts consider there will be job losses from 2019 to 2020 of between 2,300 and 3,400 jobs, which will level off through 2021 and then see growth recover from 2022 onwards. The rates of this economic recovery differ between the forecasts. Sectors identified through our analysis, which may exceed forecasted growth are Advanced Manufacturing, Manufacture of Food and Drink. This shows, when taking into consideration the job losses expected in 2019 – 2020, a forecasted annual growth rate of approximately 0.8% per annum.
- 0.16 There is a total of 2,104,000 sqm of industrial floorspace in Telford & Wrekin. Since 2011 gross industrial completions in Telford & Wrekin have been equivalent to around 1.5% of total stock. This represents a strong rate of growth, there has been a net gain of 233,653 sqm of industrial floorspace since 2011. There is a good agglomeration of businesses in Telford & Wrekin. This related particularly to the High-tech manufacturing, Food production, processing

and packaging and distribution, and burgeoning Agri-tech sector, which all benefit from shared local services and labour force, and also benefit from strong transport links along the M54 east to i54 and the rest of the West Midlands and west to Shropshire.

- 0.17 In addition to industrial floorspace, a considerable quantum of land has been developed for open storage. There is a need for continued provision of employment land to support this and the overall employment land needs to account for the demand for open storage uses. In terms of office occupiers, Businesses and professional services sectors in Telford & Wrekin are currently performing strongly in the Borough and there has been a recent growth in digital and IT companies in Telford & Wrekin. There is a total of 207,000 sqm of office space in Telford & Wrekin which is predominantly focussed in Central Telford, Stafford Park, and Telford54. There has been a total of 33,403 sqm of office floorspace delivered across Telford & Wrekin since 2011, equivalent to 2.0% of existing total stock levels.
- 0.18 However, there has also been a fairly considerable loss of office space. Since 2011 a total of 16,080 sqm of office floorspace has been lost – roughly half of the total gained. This has been most significant in Central Telford which has seen an annual average loss of 1,300 sqm of office floorspace per annum.
- 0.19 One of the largest impacts of COVID-19 and the subsequent lockdown restrictions has been the numbers of people working from home. A repeated theme of the stakeholder engagement has been that this has resulted in many of the barriers to home working being overcome out of necessity. The removal of these barriers suggests that the prevalence of remote working is likely to increase in future. We have therefore considered how the working from home trends are likely to change from 2015 onwards over the plan period to 2040. We expect to see an increase in home working in all sectors in the economy, in particular the largest percentage increases could be within the following sectors: electricity and gas, information and communications, public administration and defence, financial and insurance. The implication for this would be a reduction in employment land needs.
- 0.20 A range of future economic scenarios have been considered and these have been translated into different levels of employment land required over the plan period. The scenarios include two variant labour demand forecasts, one of which considers a Growth Scenario based on, past performance, local and regional economic strategies and stakeholder engagement, and two past completion trends. The modelling and analysis identifies total employment land requirements of between 167ha and 189ha over the plan period.
- 0.21 The Local Housing Need for the Borough, as calculated using the standard method set out in the National Planning Policy Framework and Planning Practice Guidance, is 510 dwellings per annum. Following a review of the most recent demographic data, economic growth forecasts and recent levels of housing delivery, there are exceptional circumstances to justify departing from the Local Housing Need as calculated by the Standard Method. We have considered a number of scenarios based on this information and conclude that there are three reasonable alternative housing requirements which the Local Plan could seek to meet. These are;
- Economic Growth - a scenario which supports job growth in the Borough, based upon economic forecasts, the Local Economic Partnership (LEP) strategy and stakeholder engagement. 848 dwellings per annum.
  - Up to date Projections of Need – a scenario which is based upon the 2018 Sub National Population Projections (SNPP) and sees a return to improved household formation rates from 2014. 964 dwellings per annum.
  - Past levels of housing delivery – a scenario which carries forward the recent 5 year trend of high levels of housing delivery. The population growth under this scenario is

dependent upon assumptions for housing formation (and therefore household size), returning to 2014 rates. 1,150 dwellings per annum.

## 1.0 INTRODUCTION

### a) Background

- 1.1 DLP Planning were appointed by Telford & Wrekin Borough Council to undertake an Economic and Housing Development Needs Assessment (EHDNA). The objective of the study is to identify future employment and housing growth needs across the Telford & Wrekin for the period covering 2020 to 2040. This will EHDNA will provide a robust and up to date evidence base for which the emerging Local Plan will be developed.
- 1.2 This document covers all employment matters and the assessment for the overall housing needs. Further work (part 2) is being undertaken by DLP Planning to develop proposals and this will be published at draft Plan stage: this work will not have a bearing on the findings of this report.
- 1.3 This planned approach to delivering future employment and housing requirements will ensure communities in the Borough have access to jobs and the right type of housing. The employment and housing scenarios in this study have considered local needs and growth requirements.

### b) Study Scope

- 1.4 This report is focused upon setting out the overall employment and housing needs of Telford & Wrekin. The scope of the whole study (parts 1 and 2) is as follows:

#### i) *Economic Needs Assessment*

- Identify and justify the functional economic market area for Telford & Wrekin Council;
- Identify the main business sectors;
- Identify the business growth sectors over the proposed Plan period 2020-2040;
- Forecast new jobs by sector and type, based on evidence of business needs and market demand and signals
- The job growth scenarios should be converted into floorspace (square metres) and land area (hectare) requirements for each scenario.

#### ii) *Housing Needs Assessment*

- Identify and justify the HMA for Telford & Wrekin Council;
- Provide an estimate of current dwellings in the Borough by size, type, condition and tenure;
- Analyse past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability;
- Describe the key drivers underpinning the housing market, reviewing migration and travel to work patterns and house price trends;
- Estimate of total future number of households by age and type;
- Estimate of current number of households in housing need;
- Identify the minimum housing need (number of dwellings) for Telford & Wrekin Council based on the standard method for assessing local housing need and any alternative approach where justified;
- Consider scenarios upwards of the minimum housing needs

- Estimate of the appropriate housing mix by type and size of dwelling; and
- Disaggregation of housing needs by sub-areas of the Borough including information on rural housing needs (sub-areas are defined in Section 18 of the EHDNA)

**iii) *Affordable housing needs***

- Estimate of future households that will require affordable housing by tenure (social rent, affordable rent and low cost home ownership as a minimum), type and size.
- Provide guideline discount percentages for discounted market sale homes based on local 'purchasing power' for alternative dwelling types;
- Assess the relative affordability of alternative affordable housing products compared to entry level open market housing, based on relative housing costs;
- Take proper account of the projected supply from new build and re-lets of, losses from, the current affordable housing stock when assessing affordable housing need; and
- The study must include a detailed assessment of affordable housing needs in the Borough for the next five years.

**iv) *Housing needs for different groups in the community***

- Estimate of household groups who have particular housing requirements including: families, older people, key workers, black and minority ethnic groups, people with disabilities, service families, people who rent their homes, students and young people and self-build and custom housebuilding; and
- Advice on whether any of these groups' accommodation needs should be addressed through Local Plan policies.

**c) Stakeholder Engagement**

1.5 A key part of the research to inform this study involved engaging directly with stakeholders across the commercial property, employment and housing sectors. A total of 36 interviews were undertaken with senior individuals from a wide range of organisations and sectors including those listed below. In each interview the discussion was framed around a series of open questions to draw upon the expertise and locally-specific knowledge of each stakeholder.

- The Marches Local Enterprise Partnership;
- Shropshire Chamber of Commerce;
- Department for International Trade;
- Homes England;
- Shrewsbury and Telford Hospitals NHS Trust;
- Home Builders Federation;
- Telford & Wrekin Council officers, including those working in Economic Development, Regeneration, Inward Investment and Housing Strategy;
- Large local businesses and manufacturers;
- Estate and lettings agents;
- Land and property agents and promoters;
- Private developers;
- Registered housing providers;

- Specialist housing and accommodation providers;
- Local housing and homelessness charities; and
- Local Universities and Further Education providers.

1.6 In addition to these interviews, a questionnaire was distributed by email to all Parish and Town Councils within the Telford & Wrekin local authority area. This short questionnaire sought to gauge opinion on local employment and housing markets, including how local businesses are performing, any gaps in provision of commercial premises, what support may be needed to support the local economy, whether the existing housing stock is suitable for meeting local needs and whether there are any gaps in market, affordable or specialist housing provision. A copy of the questionnaire that was issued to Town and Parish Councils is contained in Appendix 1.

**d) Structure of the Study**

1.7 The EHDNA Part 1 is split into main sections, firstly covering Economic Needs and secondly Housing Needs. The study is structured as follows:

- Section 2 – Economic Growth and Employment Land Needs – Introduction
- Section 3 – Functional Economic Market Area (FEMA)
- Section 4 – Economic Policy Review
- Section 5 – Telford & Wrekin’s Economic Baseline
- Section 6 – Commercial Market Signals and Completions Trends
- Section 7 – Future Economic Growth
- Section 8 – Risks of Brexit and Covid-19
- Section 9 – Future Employment Land Needs
- Section 10 – Conclusions on Economic Growth and Employment Land Needs
- Section 11 – Understanding Housing Needs: The Approach to Evidence Gathering
- Section 12 – Definition of the Housing Market Area
- Section 13 – Local Housing Need
- Section 14 – Current Demographic Profile and Expected Future Changes
- Section 15 – Development Trends and Housing Market Profile
- Section 16 – Scenario Testing of Alternative Approaches for the Assessment of Local Housing Need
- Section 17 – Conclusions on Local Housing Need Assessment Scenarios
- Section 18 – Housing Market Sub Areas
- Section 19 – Conclusions and Recommendations

## **2.0 ECONOMIC GROWTH AND EMPLOYMENT LAND NEEDS – INTRODUCTION**

2.1 This section introduces the overall structure and approach adopted to inform the assessment of economic growth and employment land needs within Telford & Wrekin to 2040.

### **a) National Planning Policy Framework**

2.2 The National Planning Policy Framework (NPPF) sets out the Government’s planning policies for England and how these are expected to be applied. The original NPPF was published in 2012 and has since been revised in July 2018 and again in February 2019.

2.3 The overarching purpose of the NPPF and the planning system itself is to encourage sustainable development. The policies set out in the NPPF set out the Government’s position on what sustainable development means in practice including the three core dimensions to achieve this. These core dimensions are considered interdependent and should therefore be pursued in mutually supportive ways:

- a) An economic objective – to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure;
- b) A social objective – to support strong, vibrant and healthy communities, by ensuring that a sufficient number and range of homes can be provided to meet the needs of present and future generations; and by fostering a well-designed and safe built environment, with accessible services and open spaces that reflect current and future needs and support communities’ health, social and cultural well-being; and
- c) An environmental objective – to contribute to protecting and enhancing our natural, built and historic environment; including making effective use of land, helping to improve biodiversity, using natural resources prudently, minimising waste and pollution, and mitigating and adapting to climate change, including moving to a low carbon economy.

2.4 Paragraphs 80 to 84 of the NPPF set out how the Government is committed to supporting the economy stating that “significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development”.

2.5 Policies set out within Local Plans should:

- a) “set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;
- b) set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;
- c) seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and
- d) be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances”.

2.6 Paragraph 120 of the NPPF sets out how planning policies and decisions should reflect changes in the demand for land. This requires regular reviews of both the land allocated for development and of land availability. When Local Planning Authorities (LPA’s) consider there is no reasonable prospect of an application coming forward for the use allocated in a plan, the NPPF advises that they should:

- a) “as part of plan updates, reallocate the land for a more deliverable use that can help to

- address identified needs (or, if appropriate, deallocate a site which is undeveloped); and
- b) in the interim, prior to updating the plan, applications for alternative uses on the land should be supported, where the proposed use would contribute to meeting an unmet need for development in the area”.

**b) Planning Practice Guidance**

- 2.7 Planning Practice Guidance (PPG) regarding ‘Housing and economic needs assessment’ was published by the government in March 2015 and last updated in July 2019.
- 2.8 The guidance explains how LPA’s can determine the type of employment land needed in their area by producing a robust assessment of the needs of existing businesses. National economic trends will be used to understand future needs, however the PPG notes that these national trends may not translate to all areas, due to local distinctions in the employment base. To understand, prepare, and maintain evidence around both current and future business requirements, the PPG outlines the process that LPA’s ought to undertake:
- Consider the best fit functional economic market area (FEMA)
  - Assess the quality and quantity of the existing employment land
  - Consider recent trends in employment supply
  - Liaising with the business community to understand market demand
  - Taking account of the Local Industrial Strategy
  - Assess wider market signals relating to economic growth
  - Assess reasons behind market failure
- 2.9 As set out in the PPG Policy makers should use a range of data when considering employment need including:
- Sectoral and employment forecasts and projections (labour demand)
  - Demographically derived assessments of future employment needs (labour supply techniques)
  - Analysis of past employment land take-up and/or future property market requirements
  - Consultation with relevant organisations and review of relevant studies to understand business trends and changing business models
- 2.10 As also highlighted in the PPG it is important to consider whether there are specific requirements in the local market which affect the types of land or premises needed. Consideration of clustering certain industries can be beneficial to encourage collaboration, productivity and innovation as well as in driving the economic prospects of that area.

### **3.0 FUNCTIONAL ECONOMIC MARKET AREA (FEMA)**

3.1 Planning Practice Guidance (PPG) sets out that authorities should identify the Functional Economic Market Area (FEMA) and provides the following guidance on how this should be undertaken:

*“Since patterns of economic activity vary from place to place, there is no standard approach to defining a functional economic market area, however, it is possible to define them taking account of factors including:*

- *extent of any Local Enterprise Partnership within the area;*
- *travel to work areas;*
- *housing market area;*
- *flow of goods, services and information within the local economy;*
- *service market for consumers;*
- *administrative area;*
- *catchment areas of facilities providing cultural and social well-being; and*
- *transport network.”*

Paragraph: 019 Reference ID: 61-019-20190315

#### **a) Existing Evidence and Previous Studies**

3.2 As the starting point for defining the FEMA, we have undertaken a review of the recent existing economic evidence base for Telford & Wrekin and the surrounding authorities to identify the existing functional economic links Telford & Wrekin has. A summary of which is set out in Table 1.

3.3 These identify a number of economic linkages between Telford & Wrekin and surrounding authorities; however none provide a definitive view or definition of the FEMA that covers the authority.

3.4 The majority of the surrounding authorities have not identified their FEMAs. Two that have are Stafford and the Black Country (Dudley, Wolverhampton, Sandwell, and Walsall), neither of which include Telford & Wrekin.

**Table 1. Summary of Previous Studies**

<b>Authority</b>	<b>Functional Links / FEMA</b>	<b>Source</b>
<b>Telford &amp; Wrekin</b>	<p>This study, when assessing the economic geography of Telford &amp; Wrekin identified that the formation of the Marches LEP created ‘formal’ sub-regional economic interests with Herefordshire and Shropshire. It also identifies strong economic connections with the Black Country.</p> <p>Given this study is 9 years old, the economic geography will have continued to develop since, especially given that the LEP areas were established just a year prior and have since been fortified through joint infrastructure projects.</p>	Telford & Wrekin Local Economic Assessment (January 2011)
<b>Telford &amp; Wrekin</b>	This study identifies that there are some economic links between many of the surrounding areas; as was in Telford Economic Development Strategy, Telford is working in partnership with Marketing Birmingham, Invest Black Country and with Stoke and Staffordshire to position the borough as a key player in the initiative.	Telford Economic Development Strategy (2016)
<b>Stafford</b>	Stafford recognises links with Stoke-on-Trent, Newcastle-under-Lyme, but considers itself its own FEMA.	Stafford Borough Council: Economic and Housing Development Needs Assessment (January 2020)
<b>Shropshire Unitary Authority</b>	<p>Shropshire recognises links with Telford &amp; Wrekin and Herefordshire, as is in line with the Marches LEP area. However, it also recognises that the economy of Shropshire is also influenced by its proximity to the Birmingham City Region.</p> <p>It also recognises itself as its own HMA, thereby distinct from Telford &amp; Wrekin.</p> <p>The Economic Growth Strategy for Shropshire identifies the M54/A5 East corridor as a strategic growth corridor but does not explicitly define this geographical area. However, Shrewsbury is defined as a separate strategic growth area.</p> <p>The M54 Growth Corridor Strategic Options Study does not define the growth corridor area, instead using the geographic definition from the Shropshire Growth Strategy. It provides an assessment of strategic development sites situated between Junction 2 (Wolverhampton)</p>	<p>Shropshire Economic Analysis ‘Building an economic vision for Shropshire’ (November 2016)</p> <p>Strategic Housing Market Assessment Report (March 2020)</p> <p>Economic Growth Strategy for Shropshire 2017-2021</p> <p>M54 Growth Corridor Strategic Options Study</p>

	and Junction 4 (Telford) of the M54 that fall within Shropshire Council’s administrative area. It does not consider any sites within Telford & Wrekin or South Staffordshire.	
<b>South Staffordshire</b>	South Staffordshire identifies a FEMA consisting of South Staffordshire, Wolverhampton, Walsall, Dudley and Cannock Chase.	South Staffordshire Economic Development Needs Assessment - Part 1 (2018)
<b>Herefordshire</b>	Herefordshire identifies economic links with Shropshire and Telford & Wrekin due to the ‘synergies between the economies and common issues’ although there is no elaboration as to what these synergies and common issues are. However, they also recognise there are strong links to other neighbouring authorities, namely: Gloucestershire, Wales, and Worcestershire. The Herefordshire Employment Land Study 2012 identifies the areas with strongest commuting links to Herefordshire as Wales, the Forest of Dean, Malvern Hills and South Shropshire.	Economic Development Strategy for Herefordshire (2011-2016)  Herefordshire Employment Land Study 2012
<b>Black Country Authorities</b>	This report concludes that the Black Country represents a clearly defined FEMA. The report recognises that the authorities have strong links to the surrounding areas, particularly Birmingham and South Staffordshire, and lesser links Cannock Chase, Lichfield, Tamworth, Solihull, Bromsgrove, and Wyre Forest. However, there is no mention of any links with Telford & Wrekin.	Black Country Economic Development Needs Assessment (May 2017)
<b>West Midlands Combined Authority (WMCA)</b>	The WMCA covers a large part of the West Midlands region including the local authorities of Birmingham, Solihull, North Worcestershire, South Staffordshire, Walsall, Wolverhampton, Sandwell, Dudley, Warwick, Stratford-on-Avon, Coventry, Rugby, Hinckley and Bosworth, Nuneaton and Bedworth, and North Warwickshire. However, Telford & Wrekin, Shropshire, and Herefordshire are not included within its geographical area.	WMCA Strategic Economic Plan (2016)

3.5 Therefore, the existing evidence suggests that Telford & Wrekin’s strongest economic links are with Shropshire, and specifically within the M54 growth corridor. However, no definitive FEMA has been identified or could be determined from this review of the literature.

**b) Local Enterprise Partnerships (LEP)**

3.6 Telford & Wrekin is part of the Marches LEP area, along with Herefordshire and Shropshire. Together, they form one of the geographically largest LEPs in the Country.

3.7 The Marches LEP have produced a recent Local Industrial Strategy (LIS) (2019) and Strategic Economic Plan (SEP) (2019).

3.8 The SEP identifies main urban areas of the Marches LEP area to be Shrewsbury

(Shropshire), Hereford (Herefordshire) and Telford (Telford & Wrekin), there are also numerous market/opportunity towns and rural villages identified.

- 3.9 As shown in Figure 1, the motorway links for the LEP area comprise West-East links providing strong links between Telford & Wrekin and Shropshire, as well as connectivity from each authority to the west midlands;
- The M54 provides strong west-east connectivity between Telford & Wrekin and Shrewsbury.
  - The M54 running through Telford and the eastern part of Shropshire and provides connection to the M6/M5 and Birmingham and the Black Country Authorities to the east.
  - The M50 connects Herefordshire with the M5 to the east.
- 3.10 The A49 Strategic Corridor provides a north-south spine that connects Shrewsbury with Hereford in the South, and the M54/A5/M436 Corridor connects Telford with Shrewsbury and western Shropshire.
- 3.11 However, road/motorway links between Telford & Wrekin and Herefordshire are less strong than with neighbouring areas.
- 3.12 The rail links appear to again follow a similar connectivity pattern, in which direct trains run between Telford/Shrewsbury, Shrewsbury/Hereford, and from each of the main settlements to Birmingham, however there is no direct journey from Telford to Hereford.

**Table 2. Train information (pre-COVID) for Marches LEP Area**

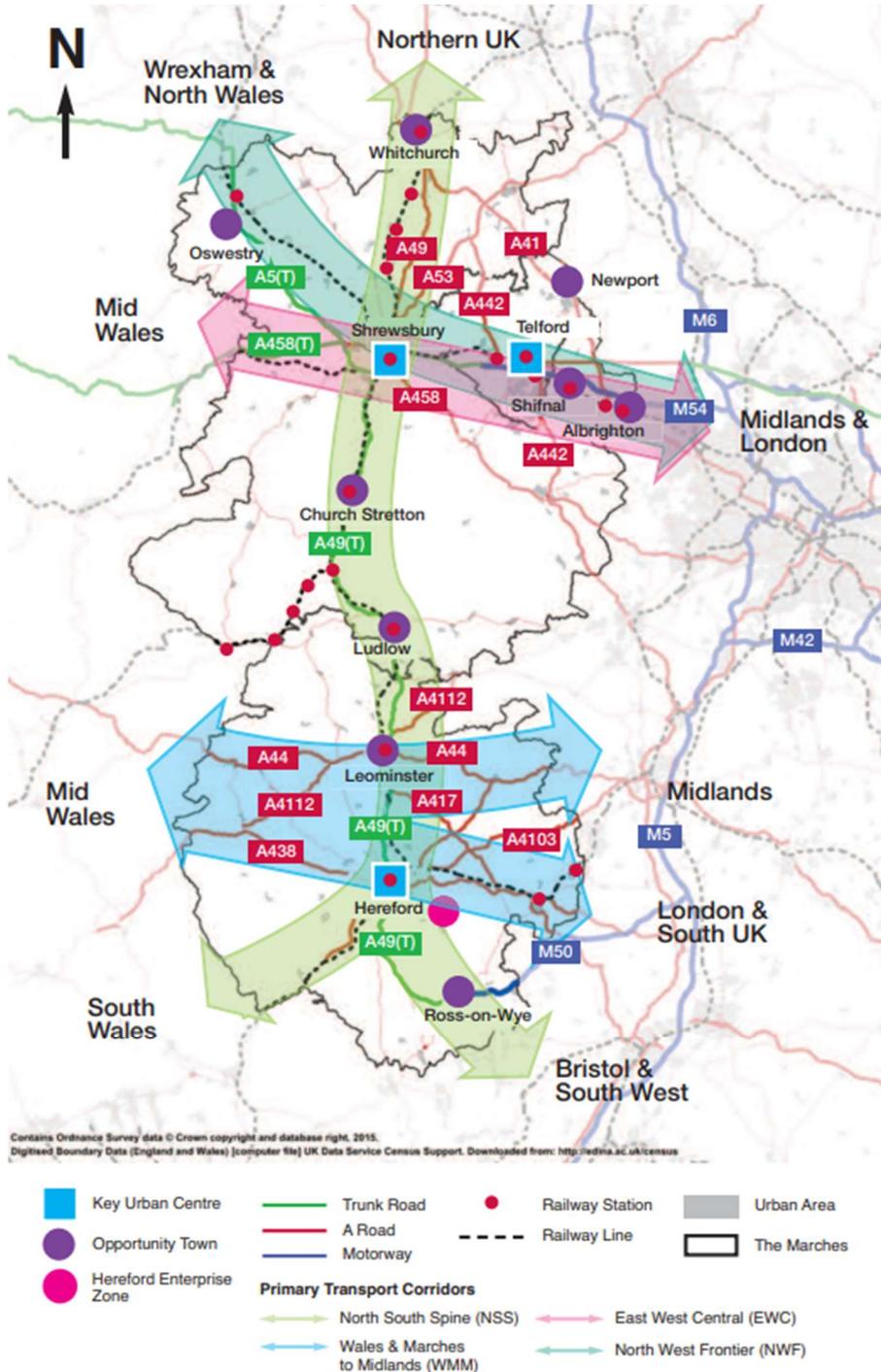
Journey destination/ departure from	Direct train available	Shortest journey available	Frequency
Telford ↔ Shrewsbury	Yes	21 minutes	~ 2 per hour with increased services at rush hour
Telford ↔ Hereford	No	1h 37 minutes	~ 1 per hour
Telford ↔ Birmingham	Yes	37 minutes	~ 2 per hour
Telford ↔ Wolverhampton	Yes	17 minutes	~ 2 per hour
Telford ↔ Stoke-on-Trent	No	1h 34 minutes	~ 2 per hour
Telford ↔ Newport	No	2h 33 minutes	~ 1 per hour
Shrewsbury ↔ Hereford	Yes	54 minutes	~ 1 per hour
Hereford ↔ Birmingham	Yes	1h 22 minutes	~ 1 per hour
Shrewsbury ↔ Birmingham	Yes	56 minutes	~ 2 per hour

Source: Trainline

- 3.13 In conclusion, the existing transport links within the Marches LEP provides connectivity between the three authorities, with the highest links between Telford and Shrewsbury, and the weakest links being between Telford and Herefordshire.
- 3.14 The existing transport also provides some connectivity between the Marches LEP area and Birmingham and the Black Country. Given the train links and proximity, the strongest of these

links are between Telford and Birmingham and Wolverhampton

**Figure 1. Map showing the transport links across the LEP area**



Source: Investing in Strategic Transport Corridors in the Marches, May 2016

3.15 As well as existing transport infrastructure, we have assessed the ongoing and future infrastructure schemes in the Marches LEP area and the surrounding LEP areas to assess if any projects are likely to increase the connectivity between authorities and thereby potentially alter the FEMA. This information is set out in the table below.

**Table 3. Infrastructure improvements in the Marches LEP area and surrounding LEP areas that may alter connectivity**

LEP AREA	Infrastructure Improvements	Source
<b>The Marches</b>	<p>The Marches LEP have secured support from the Government’s Local Growth Fund which supports growth in the three main urban areas through investment in critical transport and infrastructure improvements. Many of the schemes supported by this funding aim to unlock housing and employment sites.</p> <p>At present, one of the Marches LEP’s highest priorities is improving and strengthening the North South Spine corridor that runs the length of the LEP area from North West England, Shrewsbury, Hereford, and then down to Southern Wales and Bristol and the south west. This will take place firstly by rail improvements between Newport and Shrewsbury which aim to reduce journey times between the Marches, Wales and North West England. The LEP also plans junction improvements, and a relief road at Hereford to remove through traffic from the A49 in the city centre and unlock employment and housing sites in Shrewsbury.</p> <p>Another high priority project is strengthening East West Central corridor connecting mid wales with Shrewsbury, Telford and the Midlands and London (see Figure 1 above). This will be achieved through improving rail connections from Shrewsbury to Birmingham to ultimately reduce the journey times to London. As part of the East West Central improvements, there are also plans to provide a new link road between the M54, the M6 and the M6 Toll to improve connectivity in all direction and provide access to markets in the rest of the UK.</p>	<p>Investing in Strategic Transport Corridors in The Marches (May, 2016);</p> <p>The Marches Growth Deal (2014)</p>
<b>Black Country LEP</b>	<p>There appears to be no infrastructure projects planned that intend to increase connectivity with the Marches LEP area. The ‘City North Gateway Phase 1’ highway infrastructure project scheme is nearing completion, this aims to reduce congestion and make the i54 enterprise zones more accessible and improving the connectivity of Wolverhampton.</p>	<p>Black Country LEP Delivery Plan (May 2019)</p>
<b>Stoke-on-Trent and Staffordshire LEP</b>	<p>There is an application for a new link road to link the M54 and M6/M6 Toll. This is currently pending determination.</p>	<p>PINS, June 2020</p> <p>Local Industrial Strategy – Evidence Base (September 2019)</p>
<b>Worcestershire LEP</b>	<p>There are a series of infrastructure improvements planned and underway in the Worcestershire LEP area. These include:</p>	<p>Worcestershire Local Enterprise Partnership</p>

	<ul style="list-style-type: none"> <li>• A series of upgrades to the A4440 Southern Link road are underway aiming to improve the journey time to and from West Worcester and Malvern.</li> <li>• The Hoobrook Link road which provides an essential link to the strategic highway network from A451 Stourport Road through to the A442 Worcester Road.</li> </ul> <p>However neither of these will improve the connectivity between Worcestershire and the Marches LEP area.</p>	<p>Strategic Economic Plan Review (October 2017)</p>
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3.16 This assessment suggests that the planned and ongoing infrastructure improvements within the Marches LEP and surrounding areas are unlikely to influence FEMA geography.

**c) Travel to Work Areas and Commuting Patterns**

3.17 The Office of National Statistics (ONS) publishes Travel to Work Areas (TTWAs), the latest TTWAs were published in 2015 and are based on commuting data from the 2011 Census. The TTWAs aim to identify self-contained labour market areas in which the majority of commuting occurs within the boundary of the area.

3.18 The TTWAs were developed as approximations to self-contained labour markets, i.e. areas where most people both live and work. As such they are based on a statistical analysis rather than administrative boundaries.

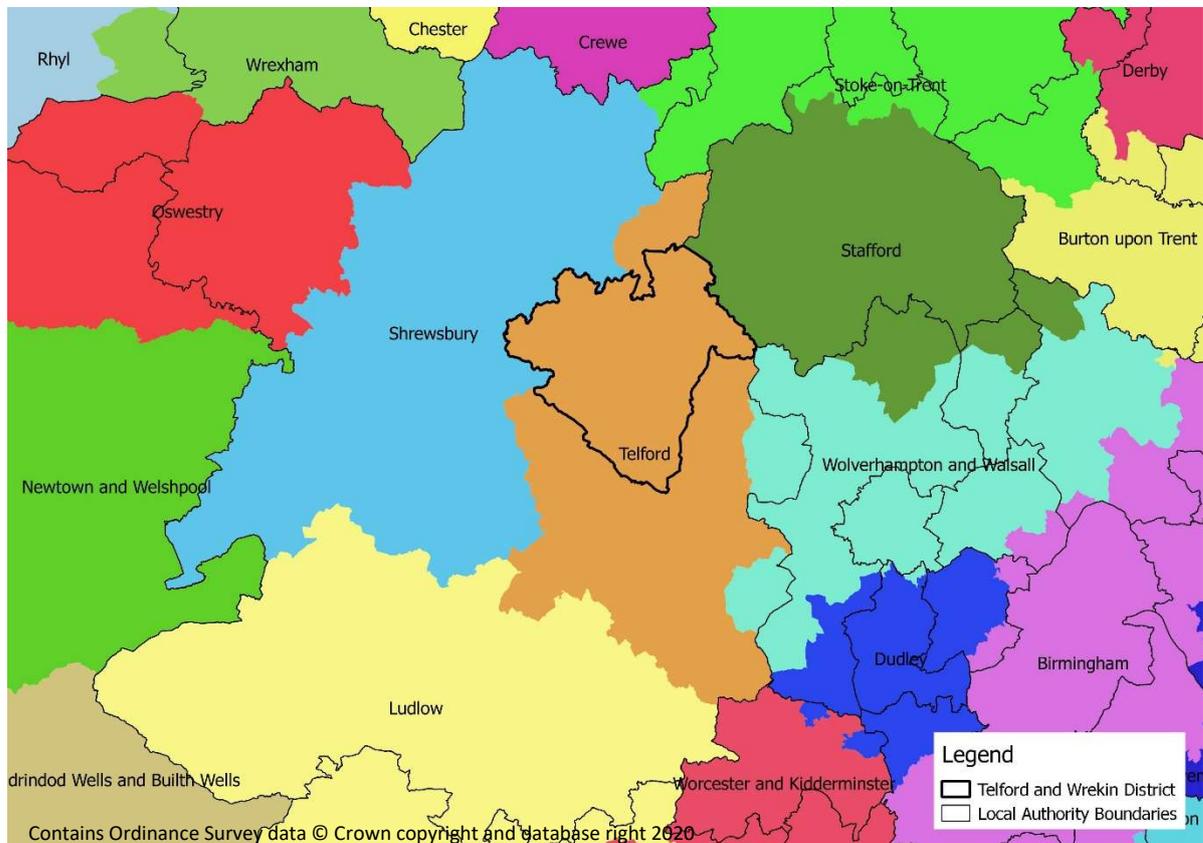
3.19 In terms of self-containment rates ONS’s notional target for a Travel to Work Area is for at least 75% of an area’s resident workforce to work in the area and at least 75% of the people who work in the area to also live in the area. However, for areas where the working population is in excess of 25,000, self-containment rates as low as 66.7% were accepted. The area must also have had a working population of at least 3,500.

3.20 Using this approach ONS have identified a network of 228 TTWAs covering the country. However, it should be recognised that in practice it is not possible to divide the UK into entirely separate labour market areas as commuting patterns between areas are too diffuse.

3.21 The TTWAs covering Telford & Wrekin and the surrounding areas are shown in Figure 2 whereby the colours correspond to the TTWA and the black lines are Local Authority boundaries. This identifies a TTWA centred around Telford which covers the entirety of Telford & Wrekin authority area as well as extending north and south beyond the boundary into Shropshire and includes the settlements of Bridgnorth and Much Wenlock. Additionally Shropshire is divided between four TTWAs centred on Shrewsbury, Telford, Oswestry, and Ludlow, the latter three also cross into neighbouring different local authority areas.

3.22 Therefore, with consideration for the guidance which recommends the use of FEMAs that have a best fit to a local authority boundary, the TTWAs indicate Telford & Wrekin may be a standalone FEMA.

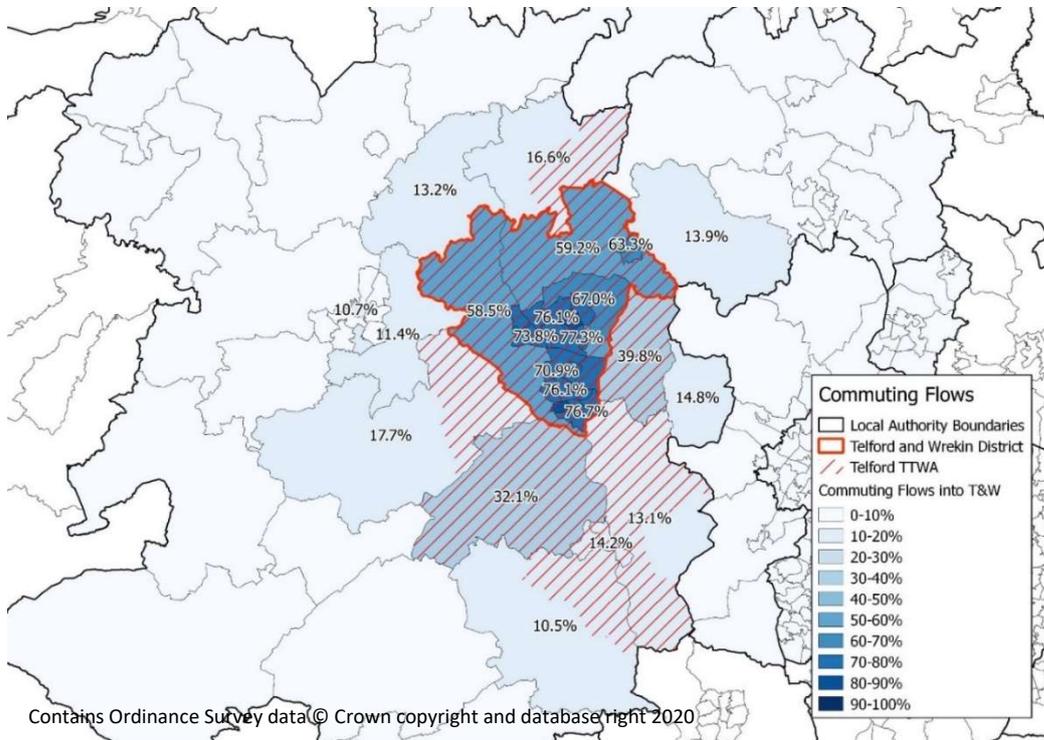
**Figure 2. Travel to Work Area for Telford & Wrekin**



Source: SPRU analysis of ONS data

- 3.23 The TTWAs are based on commuting flow data from the 2011 Census. SPRU have used this data in order to assess commuting patterns in greater detail. This allows a range of more detailed analysis by showing the extent to which TTWAs overlap, as well as the strength of flows within a TTWA.
- 3.24 Figure 3 shows the commuter catchment area of Telford & Wrekin overlaid with the TTWAs. This analysis identifies that the main commuter catchment is from within Telford & Wrekin Borough, and whilst there are some flows beyond the Borough boundaries particularly to the south into Shropshire as is indicated by the TTWA, these are much weaker than the flows within the Borough boundary. Only two MSOAs within Shropshire show flows higher than 20% - the area around Shifnal directly to the east of the Borough, and the area around Broseley to the south.
- 3.25 Additionally, these eastern parts of Shropshire that fall within the Telford TTWA are rural areas, and have flows towards numerous centres at a similar percentage, and therefore while they are included within the Telford TTWA, these areas have no distinct pull to any single urban centre (including Telford).

**Figure 3. Telford & Wrekin Commuter Catchment**



Source: SPRU analysis of 2011 Census Data

**d) Self-containment Rates**

3.26 The commuting self-containment rates are shown in the table below. Self-containment can be calculated in two ways:

- Resident self-containment – the proportion of working residents in an area who also work within that area;
- Workplace self-containment – the proportion of workers in an area who also live within that area.

3.27 The table below sets out the commuting self-containment rates for Telford & Wrekin and the surrounding authorities including those which comprise the Black Country and Birmingham.

**Table 4. Commuting Self-Containment Rate – Local Authorities**

	Resident Self-Containment	Workplace Self-Containment
Telford & Wrekin	73%	68%
Shropshire	70%	74%
Herefordshire	80%	83%
South Staffordshire	21%	34%
Stafford	60%	57%
Wolverhampton	55%	53%
Dudley	53%	62%
Sandwell	45%	46%
Walsall	49%	53%
Birmingham	72%	61%
Cannock Chase	40%	52%

Source: SPRU analysis of 2011 Census data

- 3.28 This shows that Telford & Wrekin has a resident self-containment rate above 70% and the workplace self-containment is not far below that. While this is below the TTWA threshold of 75% it is above the 66.7% required for areas with a working population in excess of 25,000. Similarly, Shropshire and Herefordshire, that form part of the Marches LEP area alongside Telford & Wrekin, also have commuting self-containment rates that surpass this threshold.
- 3.29 This highlights the high self-containment of the authorities of the Marches LEP area, suggesting they each constitute separate FEMAs. Conversely, many other authorities surrounding Telford & Wrekin have a comparatively low self-containment rate that falls well short of the threshold.
- 3.30 Consideration of the self-containment rates of combined areas, as shown below, shows that when combined the Marches authorities have a higher self-containment rate than separately. However, grouping Telford & Wrekin with Stafford and South Staffordshire reduces the level of self-containment.

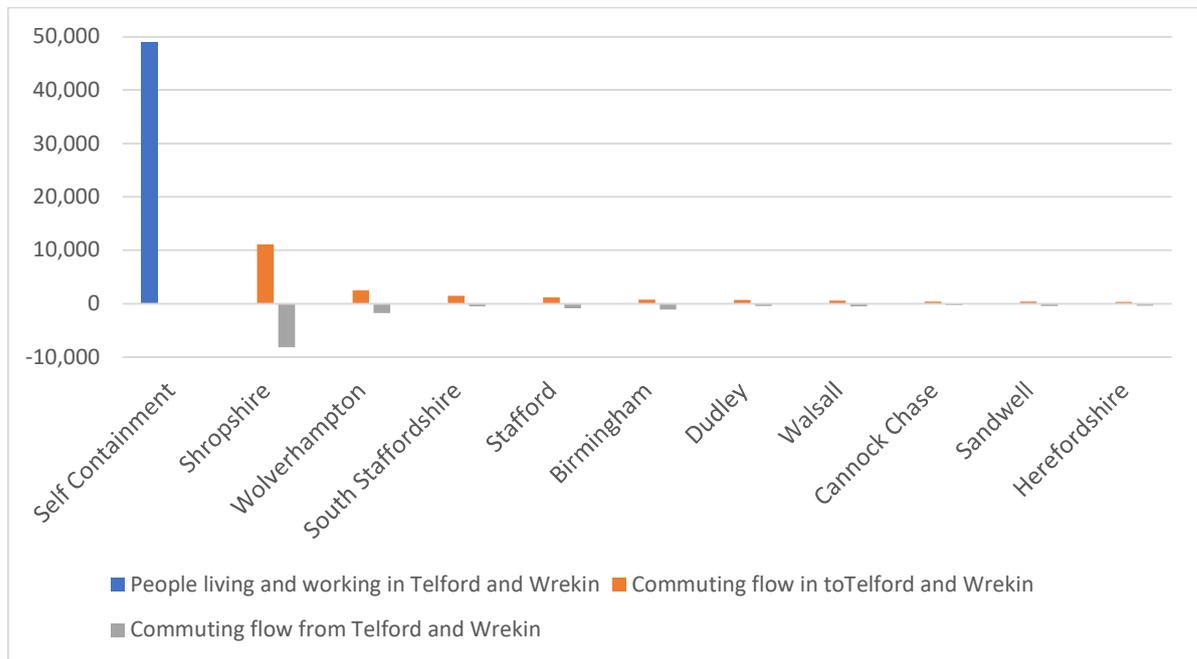
**Table 5. Commuting Self-Containment Rates – combining local authority areas**

Local Authorities	Resident Self-Containment	Workplace Self-Containment
Telford & Wrekin & Shropshire	82%	82%
Telford & Wrekin & Shropshire & Herefordshire (Marches LEP area)	82%	83%
Telford & Wrekin & Shropshire & Stafford	78%	77%
Telford & Wrekin & Shropshire & Stafford & South Staffordshire	72%	76%

*Source: SPRU analysis of ONS data*

- 3.31 When the main origins and destinations of cross boundary commuting to and from Telford & Wrekin are analysed (Figure 4), it appears that there are some commuting flows between Shropshire and Telford & Wrekin however these are relatively small compared to the number of people who live and work within Telford (self-containment), and the flows between Herefordshire and Telford & Wrekin are even smaller.
- 3.32 Similarly, when the commuting flows of Shropshire are assessed, although there is some movement between surrounding areas, this is small compared to the number of people who both live and work in Shropshire.

**Figure 4. Commuting flows between Telford & Wrekin and surrounding areas**



Source: SPRU analysis of ONS data

- 3.33 As such, whilst including Shropshire and Herefordshire do increase the self-containment rates, this is primarily due to the high self-containment rates of each authority (Shropshire is 70/74%, Herefordshire is 80%/83%), and when the commuting flow figures are analysed, there is relatively little movement between Telford & Wrekin and Herefordshire or Shropshire.
- 3.34 Table 6 also shows there are some commuting flows between Telford & Wrekin and the Black Country and Birmingham. However, Birmingham and the Black Country have a high self-containment rate themselves. When Telford & Wrekin is considered along with this, there is no change in self-containment rates indicating relatively small flows between Telford & Wrekin and Birmingham and the Black Country compared to the number of people living and working in these areas.

**Table 6. Commuting Self-Containment Rates – Combining Local Authorities**

Local Authorities	Resident Self-Containment	Workplace Self-Containment
Wolverhampton & Dudley & Walsall & Sandwell & Birmingham	83%	79%
Wolverhampton & Dudley & Walsall & Sandwell & Birmingham & Telford & Wrekin	83%	79%

Source: SPRU analysis of ONS data

- 3.35 Overall, the analysis suggests relatively high self-containment within Telford & Wrekin, and whilst the self-containment rate for the combined area of Telford & Wrekin and Shropshire is higher than for Telford & Wrekin alone, this is principally due to their high containment rates as individual authorities. Furthermore, comparative to the number of people who both live and work Telford & Wrekin, the commuting flows with Shropshire are small.

**e) Housing Market Areas**

- 3.36 There is no requirement in the guidance for HMAs and FEMAs to be coterminous. However, it is generally accepted that there are practical benefits in identifying coterminous areas when

it comes to aligning housing and economic growth – both in terms of identifying housing and employment land needs, and ensuring the delivery of sites to meet these needs are in the right locations to create sustainable development.

- 3.37 An assessment of the HMA is set out in Section 12 of this EHDNA. This is based on consideration of a broad range of contextual indicators including a finer-grained definition of short household moves and judgement regarding the definition of what comprises a relatively high proportion of totals flows.
- 3.38 Evaluation of migration flows and housing search patterns has established that trends in house prices within Telford & Wrekin remain distinct from those in immediately adjoining authorities, notwithstanding high recent levels of housebuilding. The physical geography of Telford & Wrekin including the degree of separation from other urban centres nearby reinforces these differences in housing market trends.
- 3.39 The findings indicate that Telford & Wrekin can be considered as a self-contained HMA.

**f) Service Market for Consumers and Facilities**

- 3.40 FEMAs can also be dictated in part by Retail and Leisure destinations. As such, using the existing evidence base, we have assessed the key retail and leisure destinations within and beyond Telford & Wrekin and the surrounding authorities.
- 3.41 As found by the Retail, Leisure and Health Capacity Study for Telford & Wrekin (February 2014), the principle economic and social centre is Telford and caters for the majority of the Study Area population's comparison goods, as well as its cultural and leisure needs. Followed by Newport, Dawley, Donnington, Hadley, Ironbridge, Madeley, Oakengates, and Wellington.
- 3.42 The report also concluded that Telford & Wrekin is fairly self-contained in terms of Retail and Leisure with only a low proportion of shoppers are travelling outside the Study Area to meet their shopping needs. Nonetheless, the main retail destinations beyond the Borough were in Shrewsbury, Birmingham, Stafford, Wolverhampton and Dudley.
- 3.43 It was also concluded that the Borough meets the large majority of leisure needs although there was some travel to Shrewsbury, Ludlow and Bridgnorth.
- 3.44 Therefore, the evidence suggests that in terms of retail and leisure destinations, Telford & Wrekin is fairly self-contained, however, there is some travel beyond Telford & Wrekin, although as no distinctive pull in a single direction was identified this has little influence on defining the FEMA.

**g) Conclusion**

- 3.45 This assessment to define the FEMA has considered a wide range of existing reports and data. The key findings for each element considered are summarised below:
- Commuting – Telford & Wrekin has a high level of commuting self-containment and passes the threshold for a standalone FEMA. However, commuting flows to Shropshire show that a combined area has high self-containment. Conversely, Birmingham, the Black Country, and Staffordshire all show stronger commuting links as self-contained areas excluding Telford & Wrekin.
  - Travel to Work Areas (TTWAs) – ONS define a TTWA centred on Telford which covers the whole of the authority and extends into surrounding parts of Shropshire. Using a 'best fit' to local authority boundaries this would cover Telford & Wrekin exclusively. Where the Telford TTWA extends into Shropshire, it covers predominantly rural areas where there are no clear links to any single urban centre. ONS identifies Shrewsbury as the centre of a separate TTWA. Similarly, to the east, Stafford and Wolverhampton

and Walsall TTWAs do not extend into Telford & Wrekin.

- LEP areas – The Marches LEP area covers Telford & Wrekin, Shropshire and Herefordshire. However, none of the other evidence considered in this section supports a FEMA which covers both Telford & Wrekin and Herefordshire. While the evidence could support a FEMA covering Telford & Wrekin along with parts of Shropshire, this FEMA would still differ from the LEP area.
- HMA – The conclusions of Section 12 of this EHDNA suggests that Telford & Wrekin can be considered as a self-contained HMA.
- Transport links – the most important links are the M54 corridor which links Telford & Wrekin and Shrewsbury. There are considerably weaker links with Herefordshire. While the M54 provides excellent links between Telford & Wrekin and the M6, the authorities along the M6 corridor and the Birmingham / Black Country conurbation have stronger links within these areas.
- Evidence studies from other areas – Shropshire identifies as a single HMA. Birmingham, Black Country, and Staffordshire all define FEMAs which don't include Telford & Wrekin.
- Retail and Leisure Service market – Telford is a relatively self-contained service centre.

- 3.46 Overall, the evidence suggests that Telford & Wrekin can be defined as a standalone FEMA. However, the evidence could alternatively support the Borough forming as part of a larger FEMA centred along the M54 corridor covering Telford & Wrekin Borough, and parts of Shropshire. However, this would cover only a small parts of Shropshire, particularly rural areas close to Telford. This suggests that taking a 'best fit' approach, it would be reasonable to conclude that the FEMA is a 'best fit' to the Telford & Wrekin Borough boundary.
- 3.47 An alternative would be to identify a FEMA covering the combined area of Telford & Wrekin and the whole of Shropshire – which is not justified by evidence. Furthermore, Shropshire Council have identified their authority area as a standalone HMA distinct from Telford & Wrekin.
- 3.48 The analysis also considers whether the evidence would support Telford & Wrekin being classed as part of a wider FEMA centred around Birmingham, the Black Country, or Staffordshire. However the evidence shows that these areas have stronger internal links, and while there are links between Telford & Wrekin and these areas are sufficiently distinct from Telford & Wrekin and form separate FEMAs.
- 3.49 In conclusion, with regards to the guidance which suggests FEMAs should be 'best fit' to local authority boundaries, the evidence supports Telford & Wrekin forming a standalone FEMA covering the local authority boundaries.

## 4.0 ECONOMIC POLICY REVIEW

### a) National Strategy

#### i) *Building a Britain Fit for the Future*

4.1 In November 2017 the government published Building a Britain fit for the future which sets out the overarching industrial strategy for the UK. The first part of the strategy includes a series of policies which impact on all sectors of the economy titled the 'Five Foundations'. These are considered the "essential attributes" for a successful economy and include:

- Ideas (R&D, innovation)
- People (skills and education)
- Infrastructure (broadband, energy, transport)
- Business environment (support for specific sectors and SMEs)
- Places (Local Industrial Strategies)

4.2 One of the key commitments made through the industrial strategy is for the total R&D expenditure to increase. The Industrial Strategy Challenge Fund is a "core pillar" of this commitment and includes a £4.7 billion commitment to businesses seeking funds to research and develop technology or processes related to the aims of the industrial strategy.

4.3 The second part of the report includes details of a series of partnerships with individual sectors and the government including the 'Sector Deals'. These Sector Deals include a bespoke arrangement between the government and industry with each involving three main elements:

1. An industry council to facilitate discussions between industry leaders, government officials and Ministers, and leading academics.
2. Access to a competitively awarded fund for R&D in the sector.
3. Policies to support the development of the skills needed in the sector

4.4 To date a range of Sector Deals have been announced covering the follow key areas:

- Aerospace
- Artificial Intelligence
- Automotive
- Construction
- Creative industries
- Life sciences
- Nuclear
- Offshore wind
- Rail
- Tourism

4.5 The third aspect of the strategy involves a series of challenges facing the economy. Highlighting how solving these challenges will help the whole economy to strengthen and develop. The 'Grand Challenges' identified include:

- AI and the data revolution (how to embed and maximise the advantages of AI and data)
- Clean growth (low carbon technologies across the economy)
- Mobility (low carbon transport, automation, infrastructure)

- Aging society (healthcare and labour market challenges)

**b) Regional Policy**

**i) *Marches Sector Needs Assessments (July 2017)***

4.6 A series of Needs Assessments were prepared by the Marches LEP in July 2017 covering the following sectors:

- Advanced Manufacturing and Engineering
- Defence Security
- Environmental Technologies
- Food Manufacturing and Processing.

4.7 Each of the assessments conducted a SWOT assessment, identified the key employers, and these have been set out below, along with any additional notes.

<b>Sector Needs Assessment - Advanced Manufacturing and Engineering (July 2017)</b>			
<b>Strengths</b>	<p><b>Key Industry Players:</b> GKN Wheels &amp; Structures, Bridgenorth Aluminium</p> <p><b>Sub-sector strengths:</b> manufacture of military vehicles, motor vehicle parts, plastics, metal, machinery and tools, technical testing and analysis</p> <p><b>Proximity to market:</b> automotive sector in wider West Midlands a key market</p>		
<b>Weaknesses</b>	<p><b>Skills and Talent pool:</b> difficulties recruiting and retaining workforce</p> <p><b>Infrastructure:</b> public transport links and digital connectivity</p> <p><b>Energy:</b> cost and quality of maintenance and resilience</p> <p><b>Lack of innovation assets:</b> eg, Catapults, Centres of Excellent, HEIs</p>		
<b>Opportunities</b>	<p>Specialism in lightweight manufacturing and data driven tech</p> <p><b>Local skills assets:</b> UoW Telford Innovation Campus, HAU, HWGTA, Shrewsbury College, Hereford College and Ludlow College, MCMT and NMiTE proposal</p>		
<b>Threats</b>	<p><b>Brexit:</b> business holding off investment in face of uncertainty</p> <p>Uncertainty about free trade and potential tariffs would eat into the margin</p> <p>Aging manufacturing workforce</p>		
<b>Major Businesses</b>	<p>BAE Systems</p> <p>Ricoh</p> <p>Schneider Electric</p> <p>Denso Manufacturing</p> <p>Whittan Industrial</p> <p>Xerox</p> <p>Alcoa Fastners</p>	<p>Johnson Controls</p> <p>Stadco</p> <p>GKN</p> <p>Borgers</p> <p>Mahle Filter Systems</p> <p>Makita</p> <p>Borgers</p>	<p>Mahle Filter Systems</p> <p>Makita</p> <p>Kiyokuni</p> <p>Maxell</p> <p>Epson</p> <p>NEC</p>
<b>Notes</b>	<p>As being a key sector within its self, advanced manufacturing and engineering was also identified as underpinning the technological capabilities of other sectors and is an important enabling sector.</p> <p>Telford &amp; Wrekin has the largest manufacturing employee base in the Marches, despite having only 22% of Marches manufacturing businesses, due to the presence of many large businesses.</p>		

Sector Needs Assessment - Defence and Security (July 2017)																			
<b>Strengths</b>	<p><b>Key Industry Players:</b> MoD, BAE Systems, Caterpillar Remanufacturing</p> <p><b>Specialist labour Market:</b> Large supply of ex-servicemen (Marines etc.) with industry experience</p> <p><b>Sub sector strengths:</b> Security Services, Cyber Security and Manufacture of Military vehicles and equipment</p>																		
<b>Weaknesses</b>	<p><b>Skills and Talent pool:</b> difficulties recruiting and retaining talent</p> <p><b>Lack of HE provision:</b> providing technology, engineering and innovation skills</p> <p><b>Infrastructure:</b> poor road, rail and digital infrastructure creates a perception the area is inaccessible</p> <p>Lack of business network</p>																		
<b>Opportunities</b>	<p>Strong legacy and links with the MoD</p> <p><b>Emerging assets:</b> Centre for Cyber Security, NMiTE</p> <p><b>Exporting:</b> Global and political instability continues to support demand for security and defence services</p> <p><b>Location:</b> inconspicuous location of Herefordshire is also a big selling point for defence and security organisational</p>																		
<b>Threats</b>	<p>Lack of sufficient sector definition or understanding is holding back investment, inward investment positioning and interest from the local labour market</p> <p><b>Inconspicuous in nature:</b> Difficult to identify and capitalise on true scale of the sector</p> <p>General skill gaps and access to motivated young people</p>																		
<b>Major Businesses</b>	<table border="0"> <tr> <td>BAE Systems</td> <td>Alcoa Fastners</td> <td>Makita</td> </tr> <tr> <td>Ricoh</td> <td>Johnson Controls</td> <td>Kiyokuni</td> </tr> <tr> <td>Schneider Electric</td> <td>Stadco</td> <td>Maxell</td> </tr> <tr> <td>Denso Manufacturing</td> <td>GKN</td> <td>Epson</td> </tr> <tr> <td>Whittan Industrial</td> <td>Borgers</td> <td>NEC</td> </tr> <tr> <td>Xerox</td> <td>Mahle Filter Systems</td> <td></td> </tr> </table>	BAE Systems	Alcoa Fastners	Makita	Ricoh	Johnson Controls	Kiyokuni	Schneider Electric	Stadco	Maxell	Denso Manufacturing	GKN	Epson	Whittan Industrial	Borgers	NEC	Xerox	Mahle Filter Systems	
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Xerox	Mahle Filter Systems																		
<b>Notes</b>	<p>The Defence sector employs around 3,100 employees in the Marches area, and within this, and is highly concentrated in the Borough of Telford &amp; Wrekin with employment being twice as concentrated as the national average at the MSOA level.</p>																		

Sector Needs Assessment - Environmental Technologies (July 2017)																
<b>Strengths</b>	<p><b>Active environmental business networks:</b> BESST, MMBEN, BFF</p> <p>Subsector strengths: water supply and treatment, environmental consulting, <b>manufacturing elements</b> (Tanks &amp; reservoirs, pumps)</p> <p>Proximity to the market allowing links with the automotive and wider manufacturing sector</p>															
<b>Weaknesses</b>	<p><b>Skills and talent pool:</b> difficulties recruiting and retaining talent, skills gaps</p> <p>Business support: lack of awareness of what support is available; difficulty engaging with micro companies and start ups</p> <p><b>Infrastructure:</b> poor public transport, for some broadband until recently</p> <p>Lack of innovation assets</p>															
<b>Opportunities</b>	<p>Legislation and environmental efficiency targets driving demand</p> <p><b>Technologies:</b> demand for low carbon equipment e.g. insulation requirements, move towards renewable energy, energy storage, electric cars technology</p> <p>Centre of Excellence in the pipeline for environmental technologies</p>															
<b>Threats</b>	<p>Brexit: businesses holding off investment, exposure to exchange rate</p> <p><b>Legislation and long-term commitment:</b> as much as being an opportunity, businesses are cautious of upcoming products as legislation can make or break a market</p> <p>Workforce challenges and supply of skill can hinder the development of the sector</p>															
<b>Major Businesses</b>	<table border="0"> <tr> <td>Aceon</td> <td>Filtermist</td> <td>Rotech Laboratories Limited</td> </tr> <tr> <td>Aktrion</td> <td>International Limited</td> <td>Countrywide Waste Management Limited</td> </tr> <tr> <td>Hager Engineering Ltd</td> <td>Telford Copper &amp; Stainless Cylinders Limited</td> <td>Mistral Energy Products Limited</td> </tr> <tr> <td>Busch (UK) Ltd</td> <td></td> <td></td> </tr> <tr> <td>Reconomy (UK) Limited</td> <td></td> <td></td> </tr> </table>	Aceon	Filtermist	Rotech Laboratories Limited	Aktrion	International Limited	Countrywide Waste Management Limited	Hager Engineering Ltd	Telford Copper & Stainless Cylinders Limited	Mistral Energy Products Limited	Busch (UK) Ltd			Reconomy (UK) Limited		
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Reconomy (UK) Limited																
<b>Notes</b>	<p>This report identifies that there are currently around 945 businesses in the envirotech sector in the Marches and this has increased by 23% since 2010.</p>															

Sector Needs Assessment - Food Manufacturing and Processing (July 2017)			
<b>Strengths</b>	<p><b>Major industry player:</b> ABP, Fullwood, Cargill</p> <p><b>Key subsectors:</b> processing of meat and vegetables, manufacture of dairy, cider and wines, baked goods and chocolate</p> <p><b>Innovation Assets:</b> Harper Adams University (HAU) is a specialist research institution for the sector and tailored business support programmes serving the sector such as AGRI</p>		
<b>Weaknesses</b>	<p><b>Shortage of skills and talent:</b> including higher managerial roles, technical and engineering skills, maintenance and reliability engineers</p> <p><b>Infrastructure:</b> poor road, rail and digital infrastructure creates a perception the area is inaccessible and adds to costs of chilled local distribution</p> <p><b>Limited HE provision:</b> small pool of existing graduates and difficulties attracting and retaining new ones</p>		
<b>Opportunities</b>	<p><b>Emerging centres of excellence:</b> including Newport &amp; Shell Store in Hereford</p> <p><b>Technological drivers:</b> industry 4.0 and big data, smart packaging, zero waste and food efficiency</p> <p><b>Skills:</b> enhanced training facilities such as MCMT &amp; demand-led provision including trailblazer apprenticeship standards and HEI collaboration on new curriculum</p> <p><b>Agri-tech West Alliance (ATWA):</b> driving collaboration across LEPs to promote &amp; support the sector</p>		
<b>Threats</b>	<p><b>Reliance on EU labour:</b> the EU supplies a large proportion of the sectors current workforce, a supply that may be reduced as a result of Brexit</p> <p><b>Image of the sector:</b> perceptions of the sector as a low skill manual labour deters potential entrants</p> <p><b>Ageing workforce:</b> A reduced supply or labour can occur as large proportions of the workforce retire, with no young workers to replace them</p>		
<b>Major Businesses</b>	<p>Magna Specialist Confectioners</p> <p>Jupiter Marketing</p> <p>Pickstock Telford Limited</p> <p>Single Source Limited</p> <p>Evolution Foods Ltd</p>	<p>Edgmond Foods Limited</p> <p>Fruitanize Limited</p> <p>Dukeshill Ham Company Limited</p> <p>Thank Goodness Limited</p> <p>Trows Limited</p> <p>Rowton Brewery Ltd</p>	<p>Mark Jaspers Bakeries Limited</p> <p>Flower &amp; White Limited</p> <p>MR Trotter Ltd</p> <p>Dairy Crest</p>
<b>Notes</b>	<p>The Food Manufacturing and Processing sector currently employs around 9,100 employees, and the number of businesses has grown steadily by 26% since 2010. Telford &amp; Wrekin hosts the smallest number of businesses in Food Manufacturing and processing at 470 (22% of Marches total).</p>		

Source: West Midlands Combined Authority Spatial Investment and Delivery Plan (Revised Draft, February 2019)

- 4.8 The Spatial Investment and Delivery Plan (SIDP) has been prepared by the West Midlands Combined Authority and sets out the strategic development proposals of numerous adopted/emerging development plans and highlights the key challenges and opportunities that are faced by the West Midlands. The overriding role of this document is to identify the key activities that will aid the coordinated delivery of housing, employment, and infrastructure.

4.9 This document identifies four priority corridors:

- The Walsall to Wolverhampton Corridor (W2W)
- Sandwell to Dudley
- Perry Barr/A34
- Greater Icknield/Smethwick

4.10 As part of this the SIDP identifies the following barriers that require unlocking:

- Insufficient capacity and capability in the public sector delivery agencies
- The need for stronger co-ordination and agreed prioritisation between the public sector delivery organisation
- Skilled construction labour shortage
- Insufficient funding for key infrastructure including utilities and social infrastructure (schools, health facilities, and parks) required to support new homes
- Contaminated land across, particularly concentrated in the Black Country on employment sites allocated for future employment and former employment sites now allocated for housing
- Issues relating to fragmented land ownership and land value
- Ensuring supply and development meets the employment and housing needs

ii) ***Marches LEP Strategic Economic Plan (2019)***

4.11 The Strategic Economic Plan (SEP) sets out the vision for what the LEP wants to achieve and the actions and strategic investment priorities that will help to achieve them.

4.12 This document identifies numerous ambitions that focus on growing businesses and ensuring they are utilising pioneering technology and practices and promoting businesses and communities to be inclusive and collaborative.

4.13 It also outlines the potential of the Marches to create 5,200 new businesses and 58,700 new jobs by 2038, and the goal of creating 1,000 new jobs in the low carbon sector in-line with the ambition to move to 50% renewable electricity.

4.14 The SEP identifies the core economic sectors, emerging sectors and enabling sectors as follows:

- Core Economic Sectors
  - Advanced Manufacturing
  - Business and Professional Services
  - Food and Drink
- Enabling Sectors
  - Visitor Economy
  - Retail
  - Logistics
  - Construction
  - Health and Social Care Education
  - Voluntary, Community and Social Enterprise
- Emerging Sectors
  - Environmental Technology
  - Cyber Security and Resilience

- Agri-tech
- Innovation Health and Social Care

4.15 In regard to the actions the Marches LEP will take, the following was outlined under three broad categories:

- Innovation and Business Environment – develop incubation/accelerator spaces for businesses to test new technology, set up an automation task force that can identify opportunities for the firms, ensure businesses are supported in moving to the marches, and encouraging local businesses to support one another in terms of supply chains.
- Skills – further partnerships between businesses and learning providers, seek investment in training facilities, encourage apprenticeships, and alter the curriculum to develop digital and technological skills.
- Infrastructure and places – ensure secure energy generation and supply, improve broadband/digital connectivity, and improve access to training and employment sites to support sustainable growth.

**iii) *The Marches Digital Strategy (October 2019)***

4.16 This document presents a new Digital Strategy for The Marches Local Enterprise Partnership area for 2020-2025. This has been prepared in the context of rapid digitalisation and the following goals were identified:

- Secure increased growth and productivity
- Embedded digital skills for everyone
- Digitised public service delivery
- Equitable and inclusive digital outcomes
- High quality digital connectivity for all
- Attracting digital investment to the Marches

**iv) *The Marches Local Industrial Strategy (Final Draft) (The Marches LEP, December 2019)***

4.17 The LEP’s Local Industrial Strategy (LIS) sets out how the Marches aims to ensure a balanced and inclusive economy. It has a particular focus on accelerating the transition to a zero carbon economy, digital connectivity and clean transport links. The Local Authorities that constitute the Marches (Telford & Wrekin, Shropshire, and Herefordshire) have agreed together to create jobs and businesses as well as improve productivity, fuel poverty and wellbeing. As part of this, three Major Growth Opportunities were identified, these are detailed below.

4.18 The first Major Growth Opportunity is Advanced Manufacturing and Engineering (AME). The Marches LEP identifies existing strengths in AME and that recent job growth has been higher than the previous averages due to a mixture of long established and firms new to the area, such as BAE (Telford), GKN (Birmingham), Ricoh (Telford) and Special Metals (Hereford). The Marches distinctive specialism is in supplying large original equipment to manufacturers, such as batteries, light weighting and composites. As the industry is shifting towards automotive and decarbonisation, the Marches will need to adapt, and to support this the LEP will continue to back projects such as the Composites & Additive Layer Materials Engineering Research & Innovation Centre (‘CALMERIC’) at the University of Wolverhampton that supports SMEs, and further education providers to boost skills levels. New Model Institute for Technology and Engineering (‘NMiTE’) in Hereford is one of the UK’s newest universities that helps to address a UK wide shortage of engineering. It has recently been allocated a LEP Growth Deal grant funding to develop a Centre for Advanced Timber Technology, a

Centre for Automated Manufacturing, and a Centre for Future Skills on the Hereford Enterprise Zone.

- 4.19 Another Major Growth Opportunity sector is Agri-food and Agri-tech: over 10% of the Marches LEP are employed in agri-food, and food processing. The Marches has a range of strengths in Agri-food including mixed farming, food processing, packaging and distribution and there are some major brands with a presence in the Marches, such as: ABP Food (Shrewsbury/Ellesmere), Avara (Hereford and Telford), Chase Distillery (Hereford), Haygrove (Newport), Muller (Telford), S&A (Hereford), and Tyrrells (Herefordshire) and Western's Cider (Herefordshire). The Harper Adams University and the Shropshire Food Enterprise Centre are also both organisations in the Marches that support businesses in this sector. Furthermore, the Ni-Park, which comprises around 25 acres of cleared greenfield land located to the south of the A518 and west of the A41, aims to create a world leading Agri-tech business park in partnership with the Harper Adams University, phase 1 is due to be complete in late 2020 and early 2021. Additionally, the Marches LEP also has several ongoing projects, such as: the Agri-EPI Centre that delivers R&D and training on precision agriculture, the 'hands free farm' that utilises autonomous vehicles for crop production, and the Regional Food Academy which is a specialist facility for students to learn about food processing and product design/placement. The Marches LEP will continue to support these and also partner with global research centres and local firms to speed up the adoption of new local carbon technologies.
- 4.20 The third Major Growth Opportunity sector is Cyber Security and Resilience: due to digitalisation and the growth in the application of technology and cybercrime there is a fast growing cyber sector. The Marches has a strong defence history as the home of Special Forces (Shropshire), Signals Brigade at MoD (Telford), RAF (Shawbury and Cosford) and the G4S Training Centre (Herefordshire). This has precipitated firms with expertise in defending against cyber threats to have a presence in the area, and Hereford has the UK's first dedicated cyber enterprise zone at Skylon Park and it forms part of Cyber Valley in Gloucestershire/Worcestershire. The Marches LEP aims to consolidate this expertise through the provision high quality commercial incubator and maximise the export investment opportunities through working with the Midlands Engine and Department for International Trade.
- 4.21 Additionally, the LIS identified foundations for productivity that will remove barriers to productivity gains and growth in these three opportunities and across the wider business base, these are as follows:
- Place – Develop a prosperous and resilient place for people to live and work and businesses to survive.
  - Ideas – Develop networks with local partners to encourage business demand and uptake of technology.
  - People – Improve access to opportunities for workforce expansion and new skills through collaboration between businesses and education providers.
  - Infrastructure – The Marches aims to enhance sustainable energy and water management, and support major transport, digital, employment land and housing priorities.
  - Business Environment – Grow new market opportunities and encourage business growth through supply chain and SME support.

**v) *The Marches Visitor Places Destination (April 2019) and Visitor Economy strategy (January, 2020)***

4.22 This Marches Visitor Places Destination document sets out the key data and information used to create a visitor economy strategy. The following key points were identified:

- An estimated 21 million tourism trips are made annually to the Marches, with a direct expenditure of approximately £790 million.
- Visitors to the Marches directly support approximately 25,000 full-time equivalent jobs: Shropshire 14,767; Herefordshire 5,462; Telford & Wrekin 4,448.
- Tourism day visits account for approximately 90% of all tourism trips across the three areas, although only around 50 – 60% of expenditure.
- Compared to Shropshire and Herefordshire and to England as a whole, Telford & Wrekin has a relatively high proportion of domestic overnight trips that are made for business purposes – 55% compared to the England average of 38%.

4.23 The Visitor Economy Strategy identifies the key requirements that will enable tourism to thrive: bringing tourism and culture networks together, providing existing and potential tourism businesses knowledge and support, creating a Tourism Careers Forum.

**c) Local**

4.24 The Town and Country Planning (Local Planning) (England) Regulations 2012 places an obligation on Councils to review Local Plans within a five year period from the date of adoption. The TWLP was adopted in January 2018, therefore a review needs to be completed by January 2023. The purpose of a review is to take account of changing circumstances affecting the area, or any relevant changes in national policy.

4.25 The Council commenced work to review the Local Plan in January 2020, as part of this a Local Development Scheme (LDS), a Statement of Community Involvement (CSI), and a Call for sites was issued in January 2020. The Local Plan Review aims to be completed by January 2023 and will enable the authority to address local opportunities and/or challenges in areas such as natural environment, transport, health and wellbeing, provision of affordable and specialist accommodation and climate change.

**i) *Telford & Wrekin Employment Land Review (Telford & Wrekin Council, 2012)***

4.26 This report forms part of the evidence base for the current adopted Telford & Wrekin Local Plan covering the period (2011-2031). It identifies the portfolio of sites for employment development up to 2031.

4.27 It was found that largest potential supply of employment land that was potentially deliverable under planning policy was in Hortonwood. It was concluded that Central Telford contains 22 hectares of potential development land supply, Newport has a potential supply of just over 3 hectares, and the rural area has a potential supply of just under 40 hectares over 6 sites. However much of this supply has been developed in the intervening years.

**ii) *Newport - The Need for Employment Land (Telford & Wrekin Council, November 2013)***

4.28 This report provides an update to the work done in 2012 to review the requirement for employment space in the market town of Newport.

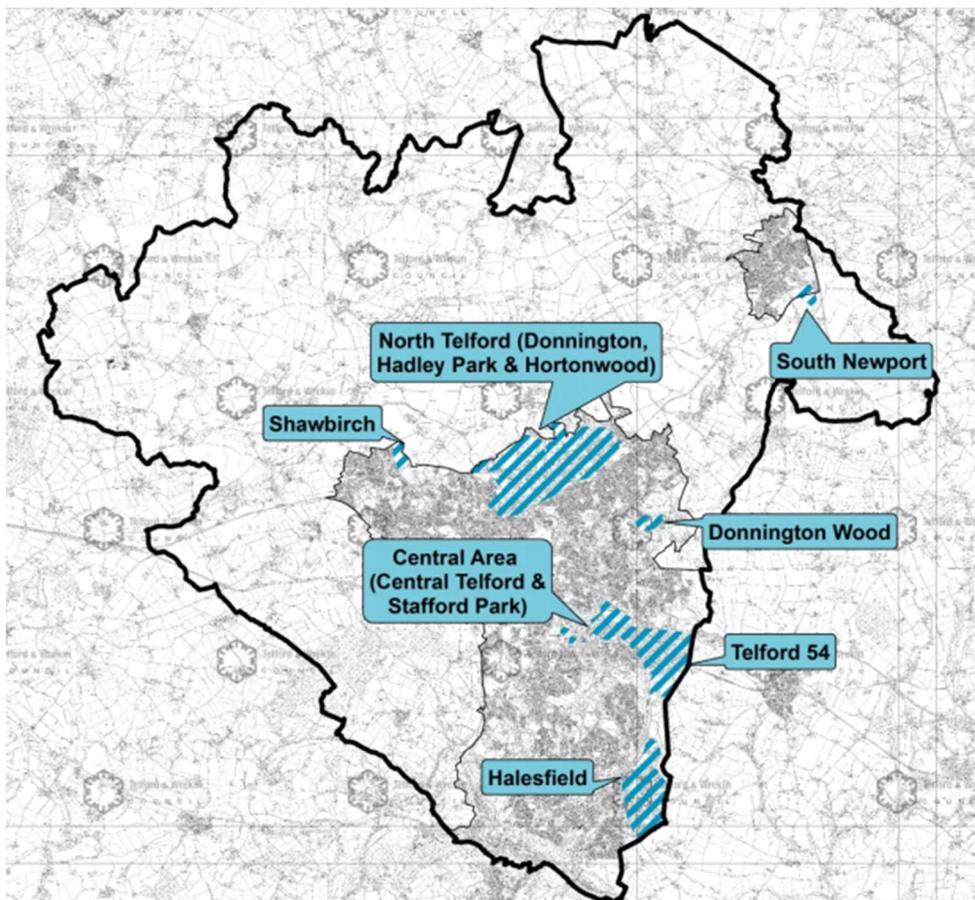
4.29 This report identified that most of the existing space is outmoded and out of step with the market's needs. As a result, the town has seen changes of use from B class to other uses and ultimately meaning the stock of B class stock is shrinking, in 2012 the stock of B Class space contracted by 0.23 hectares.

- 4.30 The absence of premises and land for B-class use was found to be constraining economic and employment growth in Newport, thereby resulting in the increasingly high proportion of residents who have no option but to commute out of Newport for work.
- 4.31 The report then concludes that there was the need for 8-9 hectares for B class land/space in Newport for the period to 2031. This is calculated as the need based on the trend of past take up and the requirement needed to support growth in the labour supply.

**iii) Telford & Wrekin Local Plan 2011-2031 (Telford & Wrekin Council, January 2018)**

- 4.32 Section 4 of Telford & Wrekin’s adopted development plan contains the policies relating to the economy. This section identifies that Telford & Wrekin has established strategic employment areas in Donnington Wood, Hadley Park, Halesfield, Hortonwood, Shawbirch, South Newport, Stafford Park, T54 and Central Area of Telford.

**Figure 5. Strategic Employment Areas in Telford & Wrekin**



Source: Telford & Wrekin Local Plan

- 4.33 These areas contain a range of existing businesses including key sectors such as advanced manufacturing, automotive, IT, defence, food and drink with household names such as BAE, Xerox, Heinz, Ricoh and Muller. Furthermore, the Ministry of Defence has confirmed that Donnington will be the location of the new Defence Fulfilment Centre, this will safeguard existing jobs as well as create new ones and contribute £60 million each year towards the local economy.
- 4.34 With regard to specific employment land policies; Policy EC1 Strategic Employment Areas identifies that a minimum addition of 76 hectares of employment land is required over the

Local Plan period (2011-2031). To ensure that there is adequate choice in the supply of sites 149 hectares of employment land has been identified. Policy EC2 Employment in the Urban Area: states that employment sites should be located within close proximity to the strategic employment areas, and whilst Policy EC3 Employment in the Rural Area does support employment development in the rural area, no sites have been allocated and there is a strong preference for brownfield land.

## **5.0 TELFORD & WREKIN'S ECONOMIC BASELINE**

- 5.1 This section provides a baseline assessment of the local and regional economic dynamics and characteristics of Telford & Wrekin's economy and labour market.
- 5.2 Telford & Wrekin has a diverse economy with sectoral strengths in Advanced Manufacturing and Engineering, Defence and Security, Environmental Technology, and Food Manufacturing and Processing.
- 5.3 The Borough hosts large employers, some notable inclusions are:
- Capgemini – a global consulting, digital transformation, technology, and engineering firm. This is one of the leading employers in the district and has won large contracts with HMRC, the Ministry of Defence, Amazon, Adobe, and Dell.
  - BAE Systems – a multinational defence, security, and aerospace company.
  - Ricoh – a multinational imaging and electronics company aiding the Boroughs sectoral strengths.
  - Aceon – a battery suppliers and manufacturing firm with its main base in Telford.
  - Magna Specialist – one of the UK's leading chocolate and confectionery producers based in Telford
- 5.4 Telford & Wrekin is also home to the Harper Adams University which is renowned for its education and research on sustainable food chains, agri-tech and rural economy. The NiPark (Newport Innovation and Enterprise Package) an employment development being built in partnership with the Harper Adams University, seeks to consolidate this sectoral specialism.
- 5.5 Telford & Wrekin has a current resident population of 179,854 (ONS, 2019) and an economy that supports around 88,200 jobs (BRES, 2018). 62% of Telford & Wrekin's residents are aged between 16-64 (ONS, 2019), this is comparative to the working age population levels across the wider West Midlands Area as well as nationally.
- a) Productivity (GVA)**
- 5.6 The Gross Value Added (GVA) is a measure of the increase in the value of the economy due to the production of goods and services. In 2019, the GVA of Telford & Wrekin was valued to be £4,890 million, this accounts for 3.46% of the West Midlands total GVA.
- 5.7 Telford & Wrekin's GVA rose steadily between 1998 and 2008 and fluctuated between 2009 and 2015 before rising steadily to 2018.

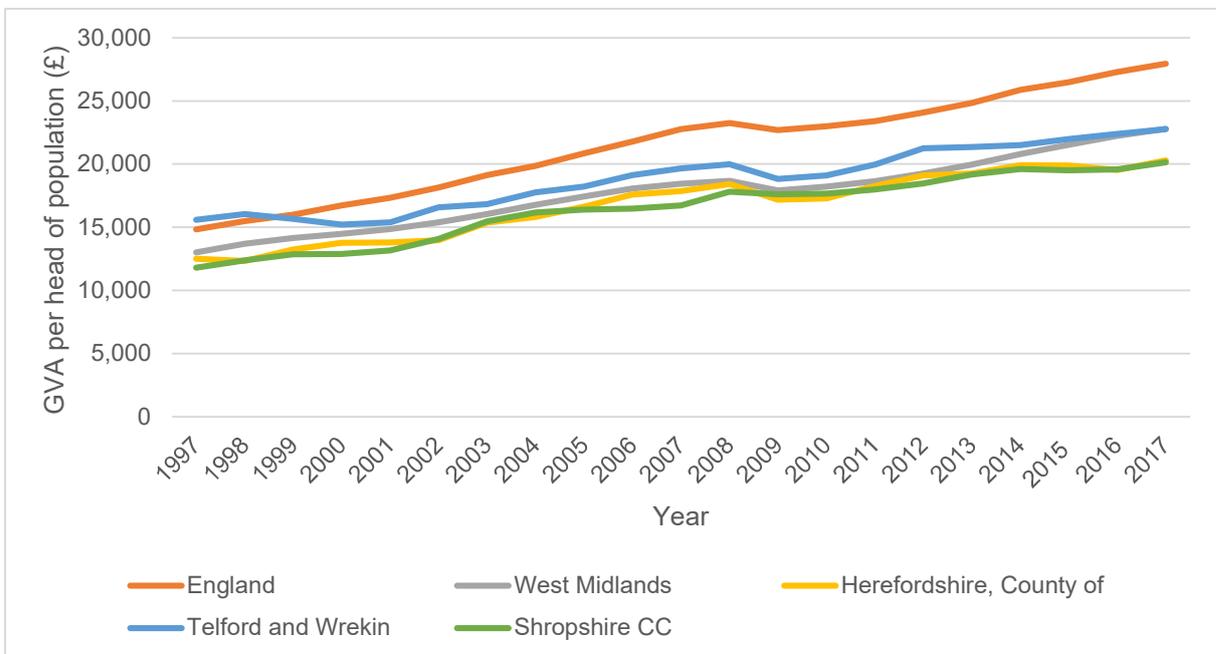
**Figure 6. Historical Trends of GVA – Telford & Wrekin**



Source: ONS, 2019. GVA (balanced) current price

5.8 Considering the GVA per head of population, Figure 7 shows that although Telford & Wrekin’s GVA per head is lower than the national rate, it is comparable with the West Midlands level and has been consistently the highest within the Marches LEP area (Shropshire and Herefordshire).

**Figure 7. GVA per head of population (income approach) (£ per head)**



Source: ONS, 2018 – GVA (income approach)

5.9 With regard to historical growth rates of GVA, Telford & Wrekin had the strongest compound annual growth rate over the ten-year period following the last recession (2009-2018) compared to Herefordshire, Shropshire, and the wider regional and national rates. This is in

contrast to the ten years prior to this, when the growth rate in Telford & Wrekin was comparatively more modest.

**Table 7. GVA past growth rates**

	Annual Growth Rate 1998-2008	Annual Growth Rate 2009-2018
<b>Telford &amp; Wrekin</b>	3.08%	3.97%
<b>Shropshire</b>	3.56%	2.56%
<b>Herefordshire</b>	2.58%	2.98%
<b>West Midlands</b>	3.33%	3.67%
<b>England</b>	4.34%	3.21%

Source: ONS, 2018 – GVA (income approach)

- 5.10 Considering the sectoral breakdown of GVA, Table 8 shows that the Manufacturing sector provides the largest contribution in GVA to Telford & Wrekin’s economy – at 28% of total GVA. Wholesale and retail trade, and Real estate activities contribute the next highest amounts.

**Table 8. Sectoral breakdown of GVA, Telford & Wrekin**

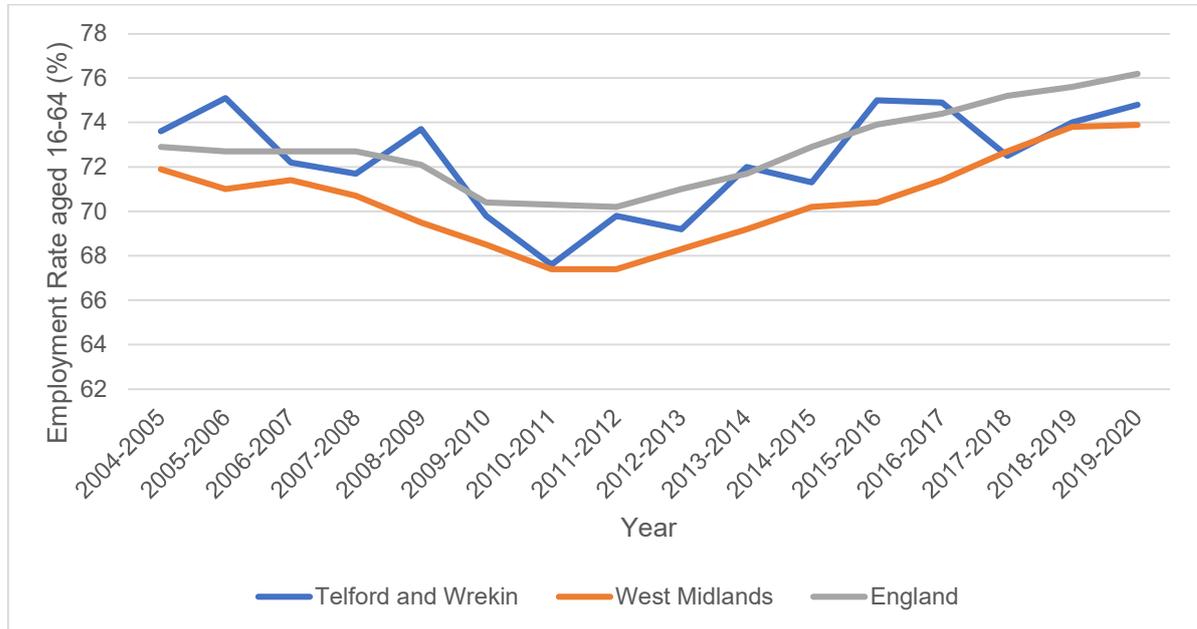
Sector	GVA 2018 (£million)	% of Total
Manufacturing	1,369	28.0%
Wholesale and retail trade	549	11.2%
Real estate activities	505	10.3%
Financial and insurance activities	425	8.7%
Public administration and defence	301	6.2%
Education	276	5.6%
Information and communication	263	5.4%
Human health and social work activities	263	5.4%
Administrative and support service activities	206	4.2%
Construction	172	3.5%
Transportation and storage	136	2.8%
Agriculture, mining, electricity, gas, water and waste	125	2.6%
Professional, scientific and technical activities	110	2.3%
Other service activities	85	1.7%
Accommodation and food service activities	74	1.5%
Arts, entertainment and recreation	25	0.5%
Activities of households	6	0.1%
<b>All industries</b>	<b>4,890</b>	<b>100%</b>

Source: ONS, 2019. GVA (balanced) current prices

**b) Employment Rates**

- 5.11 Figure 8 shows the trend in total employment since 2004. This shows the significant impact of the 2008 recession and the recessionary years that followed, whereby it appears that Telford & Wrekin recovered faster than the wider West Midlands area, although employment rate still falls below national levels.

**Figure 8. Employment Rate aged 16-64 (%)**



Source: Annual Population Survey

- 5.12 The table below shows the levels of self-employment as a percentage of total employment for Telford & Wrekin compared to regional and national rates. In Telford & Wrekin, 8.5% of workers are self-employed, which is relatively low compared to the regional level of 9.9% and national level of 11.1%.

**Table 9. Self-Employment**

	% aged 16-64 who are self-employed
<b>Telford &amp; Wrekin</b>	8.5%
<b>West Midlands</b>	9.9%
<b>England</b>	11.1%

Source: Annual Population Survey

**c) Business Demography**

- 5.13 Telford & Wrekin has a notably larger proportion of large businesses – 0.8% of businesses in Telford & Wrekin have 250+ employees, this is twice the national average of 0.4% and ranks 26<sup>th</sup> out of the 317 local authorities in England. Similarly, there is a greater proportion of medium-sized businesses (4.0%) in Telford & Wrekin than the national or regional averages (2.6% and 2.8% respectively), meaning Telford & Wrekin ranks 12<sup>th</sup> out of the local authorities in England. This contrasts with the business composition in Shropshire and Herefordshire where rates of medium and large businesses are below the national and regional averages.
- 5.14 Nearly half (46%) of all large or medium sized businesses in Telford & Wrekin are in the Manufacturing sector reflecting the unusually high proportion of large manufacturing businesses in the Borough.

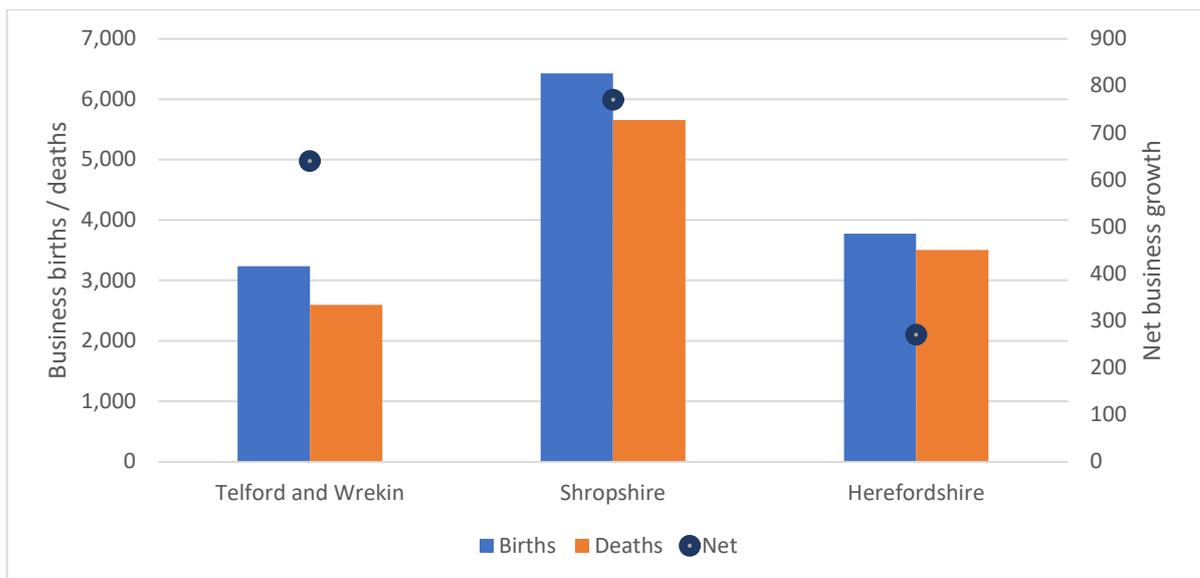
**Table 10. Business Composition**

	Micro (0 to 9)	Small (10 to 49)	Medium-sized (50 to 249)	Large (250+)
<b>Telford &amp; Wrekin</b>	79.9%	15.3%	4.0%	0.8%
<b>Shropshire</b>	90.6%	7.9%	1.2%	0.3%
<b>Herefordshire</b>	89.9%	8.5%	1.3%	0.2%
<b>West Midlands</b>	83.8%	13.0%	2.8%	0.4%
<b>England</b>	84.8%	12.3%	2.6%	0.4%

Source: BRES

- 5.15 Telford & Wrekin is currently (as of 2019) home to 5,100 businesses. This is somewhat lower than Shropshire (15,850 businesses) and Herefordshire (10,200 businesses). However, since 2010 growth in the number of businesses in Telford & Wrekin has grown by 18% (from 4,300 in 2010). This is a higher rate of growth than Shropshire (12%) or Herefordshire (10%) over this period.
- 5.16 The figure below breaks down to show the business birth and deaths over the most recent five year period for 2014-18. This shows that over this period there has been an average of 650 new businesses per annum and 520 business deaths per annum in Telford & Wrekin. This has meant a net growth of 130 businesses per annum over this period.
- 5.17 By way of comparison, Shropshire and Herefordshire have both seen higher numbers of business births and deaths over this period. Shropshire has seen a higher net growth in businesses (155 per annum) than Telford & Wrekin while the figure for Herefordshire is lower (55 per annum).
- 5.18 However, this is a reflection of the relative number of businesses in each authority. In 2014 there were 4,320 businesses in Telford & Wrekin compared to 14,420 in Shropshire and 9,590 in Herefordshire. Comparing the net business growth figures to the size of the business base for each authority shows that Telford & Wrekin has a much higher relative growth rate, with a 15% growth over this five year period. This compares to a 5% growth in Shropshire and 3% in Herefordshire.

**Figure 9. Businesses Births and Deaths, 2014-18**



Source: ONS Business Demographic Statistics

**d) Sectoral Breakdown**

5.19 Analysis of Business Registration and Employment Survey (BRES) data has been undertaken to identify the sectoral breakdown of businesses in Telford & Wrekin. Table 11 shows that the top 5 sectors for Telford & Wrekin are Manufacturing (17.0%), Business administration and support services (12.5%), Education (9.1%), Health (9.1%), and Retail (7.9%). With regard to the LEP’s key sectors, the data reveals the following:

- Hospitality and Tourism – In Telford & Wrekin, 4.6% of employment is in the Accommodation and Food Services sector. This is lower than the national average at 7.5%, and the Marches LEP area average of 6.1%.
- Retail – 8% of employment in Telford & Wrekin is in the Retail sector, this is comparatively low and ranks 255<sup>th</sup> out of the 317 authorities in England. This is just slightly lower than the LEP area concentration of 9% and national level of 9.4%.
- Manufacturing – 17.2% of employment in Telford & Wrekin is in Manufacturing, this is comparatively high, ranking the 27<sup>th</sup> highest in England out of the 317 local authorities. This is also higher than the Marches LEP average, in which 12.5% of employment is in Manufacturing and equates to a ranking of the 9<sup>th</sup> highest concentration out of the 38 LEP areas. Far higher than the national average of 7.9%.
- Transport and Storage – employment rates are moderately low in Transportation and Storage in Telford & Wrekin, at just 3.4% and ranking 198 out of 317 authorities.
- Utilities – in Telford & Wrekin, 1.3% of employment is in Utilities, comparative to the other authorities this is moderately high and ranks 160<sup>th</sup> out of 317 authorities.
- Construction – 3.4% of employment in Telford & Wrekin is in construction, this is comparatively low as Telford & Wrekin Ranks 275<sup>th</sup> out of 317 authorities.

**Table 11. Composition of Employment, 2018**

	Employment	Percentage
<b>Agriculture, forestry &amp; fishing</b>	700	0.79%
<b>Mining, quarrying &amp; utilities</b>	1,250	1.42%
<b>Manufacturing</b>	15,000	17.01%
<b>Construction</b>	3,000	3.40%
<b>Motor trades</b>	1,500	1.70%
<b>Wholesale</b>	6,000	6.80%
<b>Retail</b>	7,000	7.94%
<b>Transport &amp; storage</b>	3,000	3.40%
<b>Accommodation &amp; food services</b>	4,000	4.54%
<b>Information &amp; communication</b>	3,500	3.97%
<b>Financial &amp; insurance</b>	2,000	2.27%
<b>Property</b>	1,750	1.98%
<b>Professional, scientific &amp; technical</b>	4,500	5.10%
<b>Business administration &amp; support services</b>	11,000	12.47%
<b>Public administration &amp; defence</b>	5,000	5.67%
<b>Education</b>	8,000	9.07%
<b>Health</b>	8,000	9.07%
<b>Arts, entertainment, recreation &amp; other services</b>	3,000	3.40%
<b>Total</b>	88,200	100%

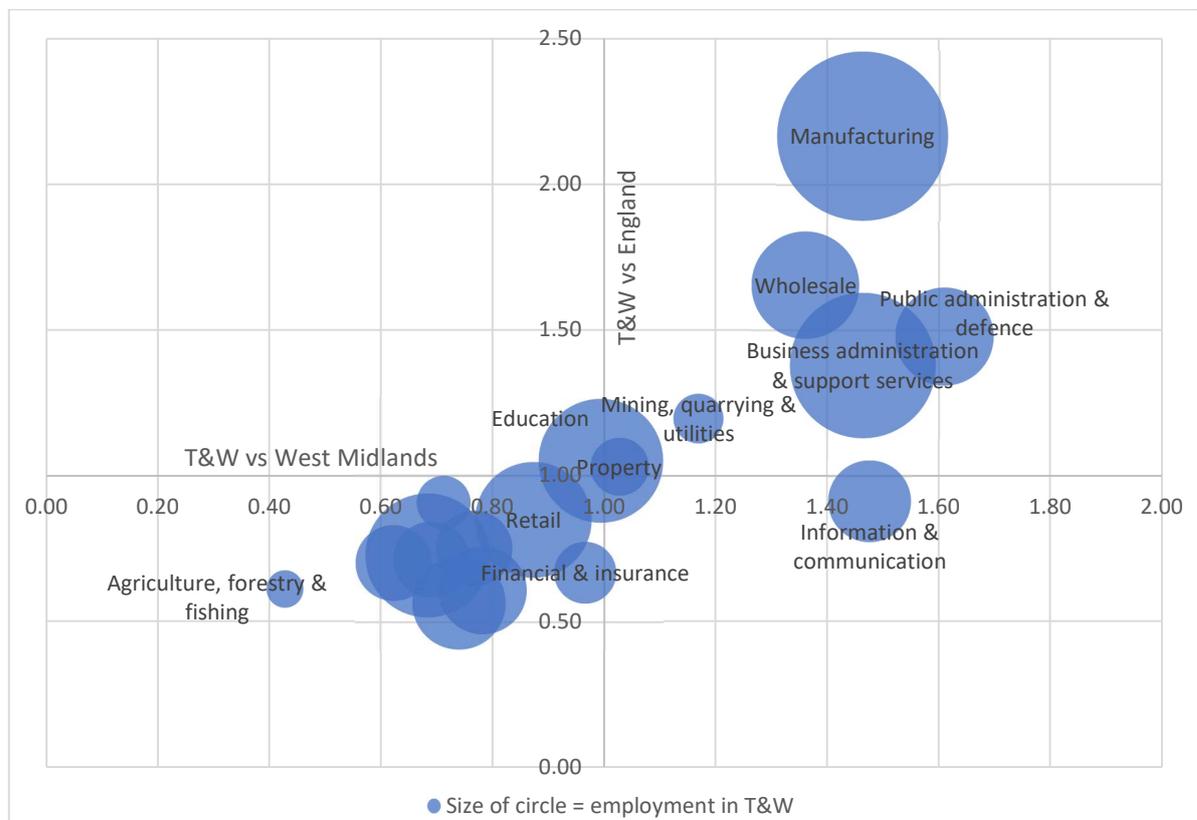
Source: BRES, 2018

5.20 A Location Quotient analysis has been used to further analyse the composition of

employment in Telford & Wrekin and to identify specialisms within the local economy. A Location Quotient (LQ) describes the proportion of employment in a sector relative to a wider area (in this case the West Midlands and England).

- 5.21 An LQ of 1 means there is the same proportion of employment in this sector in Telford & Wrekin as is the case across the comparator area. An LQ above 1 means there is a higher concentration of employment in that sector within the local economy; for example an LQ of 2.0 equates to twice the proportion of employment in the sector compared to England as a whole. Conversely, an LQ of less than 1 means a relatively lower concentration of employment.
- 5.22 The figure below shows the LQ for Telford & Wrekin compared to the West Midlands (x axis) and England (y axis). The size of the circle represents the level of employment in that sector in Telford & Wrekin. This shows the importance of Manufacturing to Telford & Wrekin's economy. The sector is responsible for the largest quantum of employment (15,000 jobs, 17% of Telford & Wrekin's total) which is 2.2 times the rate seen across England and 1.5 times the rate seen across the West Midlands.
- 5.23 Other sectors which have stronger representation in Telford & Wrekin than either regional or national rates are Wholesale trade; Public administration and defence; Business administration and support services; and Mining, quarrying and utilities (although in employment terms this last sector is relatively small. Information and communications is also a relative strength in Telford & Wrekin compared to the West Midlands, however not when compared nationally.

**Figure 10. Location Quotient: Telford & Wrekin vs West Midlands and England**



Source: SPRU analysis of BRES data, 2018

- 5.24 The table below shows the LQ for Telford & Wrekin compared to the West Midlands and England. It sets out all the sub-sectors which have a relative over-representation in Telford

& Wrekin compared to the national average.

- 5.25 The LQ analysis identifies a particular strength in manufacturing in Telford & Wrekin when compared to the UK average. The West Midlands region also has a high representation of many manufacturing sub-sectors compared the wider UK. Nonetheless, despite the regional strength in manufacturing jobs across the West Midlands, the LQ analysis identifies numerous manufacturing sub-sectors which have notably stronger representation in Telford & Wrekin than across the wider region.
- 5.26 The table below sets out the number of jobs in the largest sub-sectors in Telford & Wrekin. This highlights that the largest manufacturing sectors are the Manufacturing of fabricated metal, motor vehicles and trailers, rubber and plastic products, and machinery and equipment, together accounting for 56% of all manufacturing jobs in Telford & Wrekin.
- 5.27 In addition to Manufacturing, Telford & Wrekin has concentrations in Insurance and related services, Waste collection and disposal, Repair of appliances, and Employment activities (mostly employment agency jobs).

**Table 12. Location Quotient Sub-Sector Specialisms – Telford & Wrekin vs West Midlands and England, 2018**

Industry	T&W vs WM	T&W vs England
65 : Insurance, reinsurance and pension funding, except compulsory social security	5.1	4.9
29 : Manufacture of motor vehicles, trailers and semi-trailers	1.3	4.5
22 : Manufacture of rubber and plastic products	3.0	3.8
27 : Manufacture of electrical equipment	2.7	3.8
28 : Manufacture of machinery and equipment n.e.c.	1.9	3.8
17 : Manufacture of paper and paper products	4.3	3.1
38 : Waste collection, treatment and disposal activities; materials recovery	2.2	2.5
95 : Repair of computers and personal and household goods	2.0	2.5
25 : Manufacture of fabricated metal products, except machinery and equipment	1.2	2.4
78 : Employment activities	2.2	2.4
13 : Manufacture of textiles	1.8	2.1
30 : Manufacture of other transport equipment	2.6	1.7
46 : Wholesale trade, except of motor vehicles and motorcycles	1.4	1.7
18 : Printing and reproduction of recorded media	2.2	1.6
10 : Manufacture of food products	1.6	1.5
24 : Manufacture of basic metals	0.9	1.5
84 : Public administration and defence; compulsory social security	1.6	1.5
62 : Computer programming, consultancy and related activities	1.9	1.4
26 : Manufacture of computer, electronic and optical products	1.5	1.3
91 : Libraries, archives, museums and other cultural activities	1.8	1.3

Source: SPRU analysis of BRES data

**e) Summary**

- 5.28 This section provides a baseline assessment of the local and regional economic dynamics in Telford & Wrekin.
- 5.29 The local economy currently supports around 88,200 jobs. Since 2009 Telford & Wrekin has seen strong growth in productivity (GVA) which has exceeded rates seen across the Marches LEP, the West Midlands region, or the national average. The Manufacturing sector contributes around 28% of GVA to the Telford & Wrekin economy.
- 5.30 The business demography shows that Telford & Wrekin has a much higher proportion of large and medium size businesses and few micro and small businesses and lower levels of self-employment. Telford & Wrekin has seen a strong growth in the number of businesses in recent years with a 15% growth over the most recent five year period. This compares to a 5% growth in Shropshire and 3% in Herefordshire.
- 5.31 Telford & Wrekin has particularly high proportions of jobs in the Manufacturing sector, accounting for 17.2% of jobs in the Borough, compared to 7.9% nationally. There is a particular prevalence of advanced manufacturing sub-sectors within the Telford & Wrekin economy – the largest manufacturing sectors are the Manufacturing of fabricated metal, motor vehicles and trailers, rubber and plastic products, and machinery and equipment, together accounting for 56% of all manufacturing jobs in Telford & Wrekin.
- 5.32 Other sectors which have stronger representation in Telford & Wrekin than either regional or national rates are Wholes trade; Public administration and defence; Business administration and support services.

## 6.0 COMMERCIAL MARKET SIGNALS AND COMPLETIONS TRENDS

### a) Qualitative Assessment of the Commercial Property Market

- 6.1 The analysis has been informed by stakeholder engagement with the Local Enterprise Partnership, key businesses and employers, commercial property agents and developers, and inward investment partners.
- 6.2 Informal interviews were undertaken via phone and internet with this wide range of stakeholders. These interviews were semi-structured around a number of themes, with the summary of feedback received, organised by theme, set out in the table below.

**Table 13. Summary of Stakeholder Responses**

Theme	Stakeholder Response Summary
<p><b>Recent performance in commercial property market</b></p>	<p>The success of Telford Development Corporation resulted in the rapid growth of Telford that has to a degree continued to the present day, for example through the ‘shovel ready’ land deals. The fact that the Council controls much of the land means there is no developer intermediary and the Council are able to find the right sites for the right occupiers. In 2016 there was 400ha employment land available in Telford &amp; Wrekin and now there is 50ha remaining in the supply. As much of the available land has now been developed, there is a need to find new supply.</p> <p>Stakeholders noted that Telford &amp; Wrekin Council has had a proactive approach towards investment and this is aided by the Land Deal which has enabled the LPA to provide investors/businesses with a more joined up package regarding infrastructure and land. This land availability for businesses has aided Telford &amp; Wrekin’s ability to attract new investment.</p> <p>In general terms, the commercial property market in Telford &amp; Wrekin is considered to have been relatively steady over recent years, with prices and rents remaining at fairly constant levels.</p> <p>Investment in Telford &amp; Wrekin is strong with 150 Foreign Direct Investors (FDIs) in the borough currently. Lots of existing companies have recently chosen to expand within Telford &amp; Wrekin rather than relocating elsewhere (e.g. Kramer which recently took a new factory site at Hortonwood West).</p> <p>Telford &amp; Wrekin tends to have more large-scale employers and attracts more overseas investment than neighbouring authorities of Herefordshire and Shropshire.</p> <p>Telford &amp; Wrekin’s economy is fairly diverse, and the Council wants to work towards maintaining that diversity. There is also a balance to be struck between providing high value investment versus high volume employment.</p> <p>There has been a good agglomeration of businesses in Telford &amp; Wrekin in recent years, particularly in Manufacturing and Business support services. It is perceived that many of the Tier 1 companies that are based in Telford &amp; Wrekin do not directly</p>

Theme	Stakeholder Response Summary
	<p>compete with one another, but they do benefit from access to shared services.</p> <p><b>Office Market</b></p> <p>Businesses and professional services sectors in Telford &amp; Wrekin are currently strong. These are thought to be to a large extent reliant on the manufacturing sector and provide support services to it.</p> <p>The main uptake in commercial floorspace has been from smaller businesses on mixed business parks.</p> <p>The office market in Telford &amp; Wrekin is noted as having excellent broadband connections and as being cheaper than Birmingham.</p> <p>Stakeholders identified a recent growth in digital and IT companies in Telford &amp; Wrekin, particularly in terms of data analysis and companies assisting manufacturing firms to automate their processes.</p> <p>Some stakeholders identified a surplus of office space in Telford with the anticipation that much of the older stock will, in time, be converted to residential. This has led to a stagnation in office prices in the area.</p> <p>Recent successes in the business and professional services sector include the growth of CapGemini and the HMRC national IT support centre.</p> <p><b>Industrial/Manufacturing Sector</b></p> <p>Telford &amp; Wrekin has a strong manufacturing base with recent evidence suggesting a growth in the number of manufacturing jobs in Telford &amp; Wrekin.</p> <p>Stakeholders identified high demand for manufacturing (including high-tech manufacturing) in Telford &amp; Wrekin. Stakeholders also noted increased automation in this sector, although some identified this was likely to result in the same number of employees but working fewer hours.</p> <p>Another key sector is food production, processing and packaging, which has a focus on manufacturing as well as packaging and distribution capabilities. There is also evidence of increased automation in this sector.</p> <p>Other key employment sectors include AgriTech. Aided by links with Harper Adams University in Newport this sector is expected to continue to grow with the development of the Ni-Park which will focus on attracting AgriTech companies.</p> <p>Stakeholders identified recent successes in advanced engineering and automotive manufacturing e.g. developments at Magna Cosma and Kramer.</p>

Theme	Stakeholder Response Summary
	<p><b>Warehousing and Distribution</b></p> <p>Telford &amp; Wrekin has a strong logistics sector and is identified by stakeholders as an attractive location for this sector due to ease of access to the strategic road network and its geographical position within the UK.</p> <p>Stakeholders identified high demand for distribution jobs in Telford &amp; Wrekin.</p> <p><b>Other Sectors</b></p> <p>The tourism sector is also strong in Telford due to its proximity to the Ironbridge World Heritage Site as well as provision for business tourism linked to its conference centres.</p> <p>The higher education sector in Telford &amp; Wrekin, including the two university sites (University of Wolverhampton and Harper Adams University), has helped further develop linkages to the auto/advanced manufacturing sector and AgricTech industries (centred around Ni Park).</p> <p>There is also a strong digital sector based around two large companies, CapGemini and HMRC (regional digital base), which have linkages to other supply chain firms.</p>
<p><b>Types and size of premises most in demand by businesses by sector / location</b></p>	<p>Across the commercial property sector occupiers demand good infrastructure provision, including roads, drainage, energy and other utilities.</p> <p>Businesses generally require sites that have space for potential future expansion over the next 10-15 years or the option of ‘move-on’ space. In order to accommodate this, there needs to be a flexible oversupply of land. However, some larger manufacturers said that they currently have too much space and are in discussions to rent out unused buildings.</p> <p>As a general comment, stakeholders identified a need for sites that were ‘future proofed’, for example that were able to accommodate electric vehicle charging etc. In terms of power supply, it was noted that solar panels are insufficient for many industrial uses and that potential shifts towards automation are likely to result in increased power consumption.</p> <p><b>Offices</b></p> <p>In terms of commercial floorspace, the main demand is for flexible small units (around 1,500sqft) in terrace blocks which can be joined together or split up depending on the needs of the occupiers.</p> <p>There is demand for offices in town centre and in business parks located along the A422.</p> <p>There is a need for flexible office accommodation (in terms of size and lease length). Demand is high for modern office space as well as space suitable to support corporate office HQs. A</p>

Theme	Stakeholder Response Summary
	<p>good location near to transport links / railway station is also a common requirement.</p> <p><b>Industrial/Manufacturing</b></p> <p>Stakeholders from industrial/manufacturing sectors identified that 24 hour operation and access was often required at sites, together with large external yard areas.</p> <p>High-tech manufacturing firms are generally looking for units of up to around 50,000 sqft, but some require larger facilities of 100-200,000 sqft.</p> <p>Supporting infrastructure, such as local energy generation, is required by some businesses. For example, a battery manufacturer would require around 200,000 sqft additional land to support this on site.</p> <p>Giga factories and aggregator sites have large land requirements, typically around 150 acres.</p>
<p><b>Gaps in provision of suitable premises</b></p>	<p>In terms of commercial units, it is considered that in Telford &amp; Wrekin there is too much focus on delivery of large sites, when most demand is for smaller plots. Stakeholders identified a lot of older stock that needs replacing and a higher demand for newer stock.</p> <p>Stakeholders identified a lack of sites that are supported by appropriate infrastructure, including roads, good drainage, energy/power provision and other utilities.</p> <p>In general terms, stakeholders identified a high flexibility of supply is required to meet the emerging needs of indigenous businesses and to continue to attract inward investment.</p> <p>Some stakeholders noted a lack of available office space in Telford &amp; Wrekin, particularly in the town centre where there is an agglomeration of existing office-based businesses, access to amenities, the train station and staff.</p> <p>Other stakeholders noted that demand for large offices is beginning to decline – a trend that has been exacerbated by COVID-19. Existing office buildings may need to be broken down into multiple smaller units in order to meet changing demands. Flexibility of office space is required.</p> <p>Longer term there is likely to be stronger demand for live/work units, mixed use developments and an attractive environment. The Station Quarter development may help by improving the Town Centre offer and enhancing the live/work balance.</p>
<p><b>Access to workforce and any skills gaps</b></p>	<p>Compared to the UK as a whole, Telford &amp; Wrekin performs around average in terms of its level of skilled labour. However, as Telford is an attractive and relatively cheap place to live there are still comparatively high levels of out-commuting to the Black Country for work.</p>

Theme	Stakeholder Response Summary
	<p>Whilst some stakeholders (manufacturing industries in particular) identified that there was a skilled local workforce in Telford &amp; Wrekin, stakeholders in other sectors expressed concern that there is likely to be a reduction in availability of a skilled workforce in the near future, particularly as a result of Brexit.</p> <p>Stakeholders, particularly in industrial and manufacturing sectors also noted a decline in workforce already as a result of Brexit – something which is expected to worsen once the UK officially withdraws from the EU at the end of 2020.</p> <p>Stakeholders in the automotive industry noted that in the future the focus is likely to shift away from manufacturing towards higher skilled designing and testing, therefore attracting skilled engineers will be increasingly important.</p> <p>Employers have found that the commute from Birmingham to Telford &amp; Wrekin is too far, therefore many are having to do more to attract and develop the workforce locally, including working with Telford colleges and Wolverhampton University as well as offering training and apprenticeship programmes.</p>
<p><b>Location of supply chain links</b></p>	<p>Jaguar Land Rover (JLR) and i54 has significant links to businesses in Telford &amp; Wrekin.</p> <p>Most large companies tend to look east towards Birmingham and the West Midlands. Other manufacturers have more local links in Bridgnorth, Shrewsbury and the local agricultural sector.</p> <p>For many food manufacturing businesses, Telford &amp; Wrekin is perceived as the perfect border area between rural producers and the national motorway network.</p>
<p><b>Future prospects for employment growth in commercial property market</b></p>	<p>It is expected that demand for warehousing / industrial floorspace will increase steadily due to high quality housing provided in Telford &amp; Wrekin, which will continue to attract a workforce.</p> <p>It is thought that businesses may increasingly look to relocate from Birmingham to Telford &amp; Wrekin due to availability of cheaper office space, particularly as a result of the impact of COVID-19.</p> <p>Stakeholders identified particular opportunities for growth in the agricultural engineering sector, particularly around Newport Innovation Park (Ni-Park).</p> <p>Home-working practices have been accelerated due to COVID-19 and businesses have learned to adapt. However there is likely to be a future need for smaller premises, good infrastructure connections (principally broadband, but also mobile phone coverage).</p>

Theme	Stakeholder Response Summary
	<p>Development of 'cluster' sites (e.g. science or business parks) are beneficial as they are attractive for inward investment, allow for staff churn, have agglomeration benefits for most sectors but in particular high-tech manufacturing.</p>
<p><b>Potential strengths/opportunities for business growth in Telford &amp; Wrekin</b></p>	<p>Telford &amp; Wrekin is identified as being a preferable location for inward investment from both within the UK and overseas (such as Germany and the US), particularly due to its good strategic road connections and rail freight interchange providing accessibility to other areas of the UK. Although it is 20 minutes further from the West Midlands conurbation it is still perceived by businesses as having the same locational benefits as other areas of the West Midlands.</p> <p>Stakeholders identified that Telford &amp; Wrekin benefits from close links to Birmingham but has comparatively cheaper and greater availability of land, less restrictive planning and lower average salaries.</p> <p>Stakeholders noted that Telford &amp; Wrekin is a pro-active authority in terms of its desire to attract new investment and encourage staff recruitment in existing businesses through coordinating job fairs etc. The Council in particular have demonstrated success in supporting these inward investment opportunities and they maintain good communication, which is also attractive to investors and developers.</p> <p>Some stakeholders identified that the fact Telford &amp; Wrekin is a Category C area (based on deprivation) means that large businesses choosing to relocate there are eligible for government grants.</p> <p>Stakeholders identified opportunities for local power generation to support local businesses (especially in the manufacturing sector).</p> <p>Stakeholders identified further opportunities in terms of increased automation/robotics and remotely operated vehicles, although it was noted that these roles would require different skillsets and may result in increased remote working. In terms of land requirements, it is necessary to provide for the needs of these sectors quickly and flexibly.</p> <p>Stakeholders also identified potential for further development of the Agri-tech sector as Telford &amp; Wrekin is in a relatively unique position to take advantage of recent growth in this sector and the links with IT/data services. Harper Adams University also provides good links with training and industry.</p> <p>There is also potential for growth in the Medi-tech sector, linked to healthcare studies at University of Wolverhampton Campus and the wider supply chain.</p> <p>The impact of COVID-19 has demonstrated that remote working can be achieved and that supply chains need to</p>

Theme	Stakeholder Response Summary
	<p>become more robust. The range of different sectors represented in Telford &amp; Wrekin means it is likely, on the whole, to be more resilient to future economic shifts.</p> <p>Whilst foreign investment has declined in recent times (likely due to the combined effects of Brexit and COVID-19) Telford &amp; Wrekin has maintained a comparatively strong pipeline of investment projects and this is expected to continue into the future.</p> <p>Need to support SMEs through development of Growth Hub and flexible ‘move-on’ space. Flexibility of accommodation is now of key importance given implications of COVID-19.</p> <p>The evolution of jobs means future growth will need to focus on higher end sectors with a focus on attracting people in younger age groups, environmental sustainability and a pleasant working environment. Many of the existing industrial estates in Telford do not provide these things.</p> <p>‘Green agenda’ means businesses are having to remodel themselves. This presents an opportunity for Telford &amp; Wrekin to develop suitable premises that embrace this new approach.</p> <p>There are opportunities to work with neighbouring authorities to deliver a giga factory, as nowhere else has a large enough site to accommodate this scale of development.</p> <p>There is an opportunity through the Local Plan to provide a large, flexible bank of developable land which can be brought forward as needed – this could be achieved in collaboration with neighbouring authorities.</p>
<p><b>Potential barriers/threats for business growth in Telford &amp; Wrekin</b></p>	<p>Stakeholders identified that despite the many opportunities presented by Telford &amp; Wrekin, it can be a hard sell to investors due to its lack of clearly-defined specialisms and the diversity of industries operating there (although this diversity is also considered by some to be a benefit).</p> <p>Automation is weakening the link between investment and employment. Land requirement does not necessarily feed through to jobs growth.</p> <p>The effects of COVID-19 and Brexit have demonstrated that supply chains are quite weak, so there is an opportunity to strengthen these.</p> <p>Brexit has also had an impact on employment (due to a loss of European workforce) which is likely to lead to automation becoming increasingly important and cost effective. This may lead to further reductions in workforce.</p> <p>A comparative lack of highly skilled labour compared with some other areas of the UK may be a barrier to some overseas investors. Some stakeholders identified workforce skills as being an area that could be improved, with a particular focus</p>

Theme	Stakeholder Response Summary
	<p>on retaining students and graduates. Stakeholders noted that a significant problem in Telford &amp; Wrekin in ‘brain drain’ in which the skilled workforce is moving to Birmingham and other areas of the West Midlands due to a lack of available work opportunities locally.</p> <p>Stakeholders identified a need for sites to have digital infrastructure in place to ensure they are attractive to the market and are future-proofed.</p> <p>Risk that infrastructure requirements (particularly energy requirements) may slow the development process down if these are not provided up front, as most manufacturing operations have higher power requirements.</p> <p>Much of the existing office and commercial stock in Telford &amp; Wrekin was built in the 1970s and is now becoming outdated. It requires refurbishment but the impacts of COVID-19 are limiting opportunities for this.</p>

**b) Quantitative Indicators of the Commercial Market**

6.3 The table below shows the overall quantum of office and industrial floorspace in each of the authorities as shown by data from the Valuation Office Agency (VOA). The VOA data is divided into Office and Industrial uses which includes both B2 and B8 use classes.

6.4 The data shows there is a total of 2,104,000 sqm of industrial floorspace in Telford & Wrekin as of 2019, and 207,000 sqm of office floorspace. The VOA data shows that since 2001 there has been a net growth of 79,000 sqm (3.90%) of industrial floorspace, and 43,000 sqm (26.22%) of office floorspace.

**Table 14. Total Commercial Floorspace, Telford & Wrekin**

	Floorspace 2019 (sqm)	% Increase 2000/01-2018/19	Increase 2000/01-2018/19
Industrial	2,104,000	3.90%	79,000
Office	207,000	26.22%	43,000

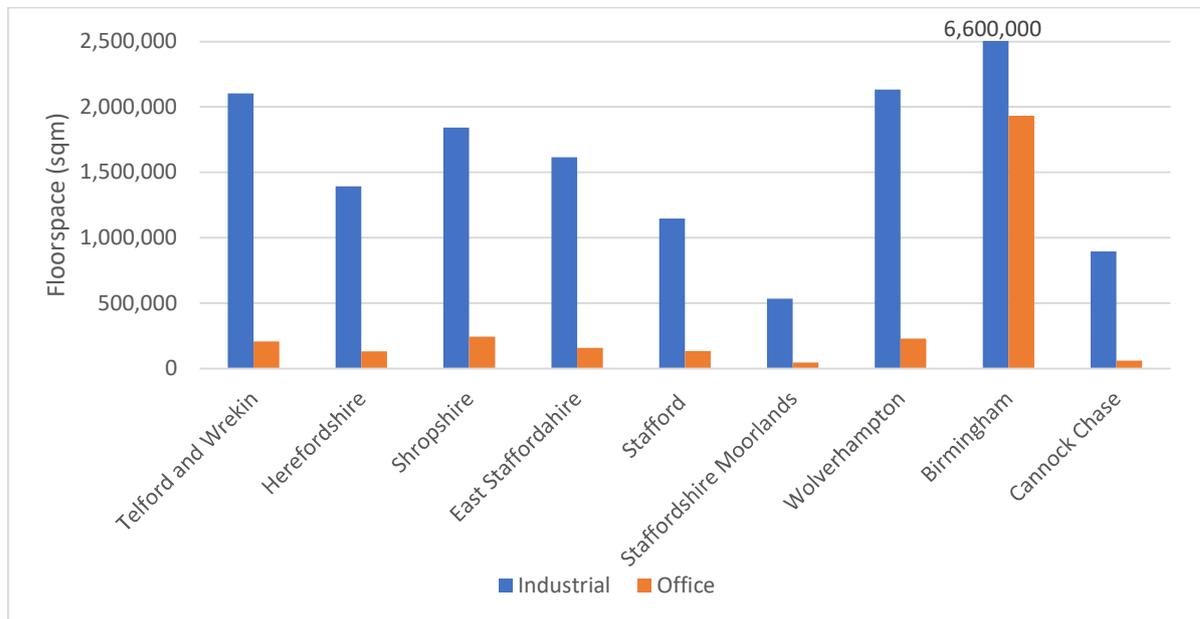
Source: VOA

6.5 Figure 11 provides a comparison of the scale of employment floorspace between Telford & Wrekin and neighbouring areas – particularly those identified as having economic links with Telford & Wrekin in Section 3.

6.6 The data shows Telford & Wrekin as having higher industrial space than Herefordshire and Shropshire, and similar levels of office space to Shropshire with Herefordshire having slightly lower.

6.7 Across the western part of the West Midlands, Birmingham clearly has the largest quantum of both office and industrial space, with over three times as much industrial space than Telford & Wrekin. After Birmingham, Telford & Wrekin and Wolverhampton have the largest concentrations of B Class space, both have broadly similar levels of industrial and office space.

**Figure 11. Commercial Space, 2019 – Neighbouring Areas**



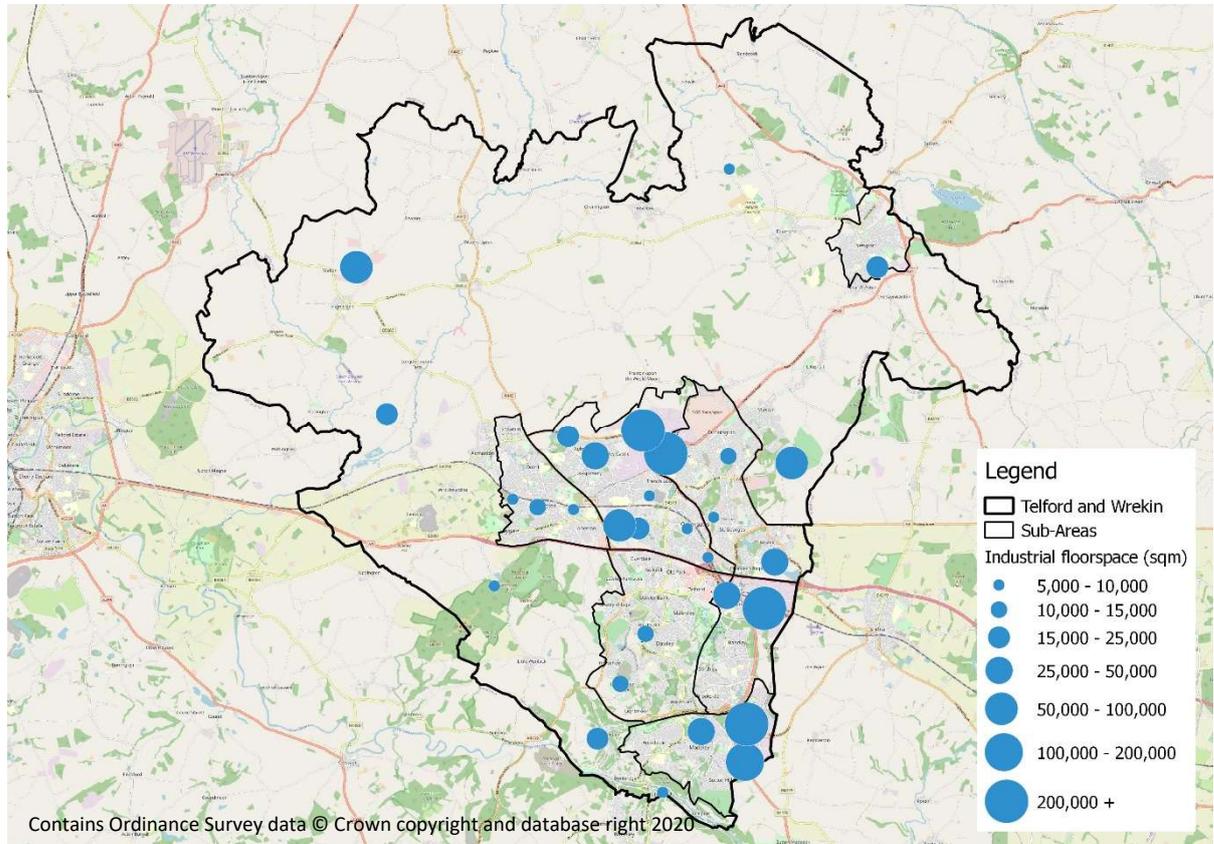
Source: VOA

**c) Industrial<sup>1</sup> Floorspace and Completions**

- 6.8 The map below shows the location of Telford & Wrekin’s industrial floorspace in greater detail. The data for each area is clustered by lower super output area’s (LSOA’s) so represents local areas rather than individual units.
- 6.9 The figure below and the figures and analysis throughout this section refer to sub-areas of Telford & Wrekin to provide a more detailed local analysis. These sub-areas are defined in Section 18 of this EHDNA.

<sup>1</sup> In accordance with the VOA and general practice for commercial property agents, in this section ‘Industrial’ refers to planning use classes B1c, B2, and B8.

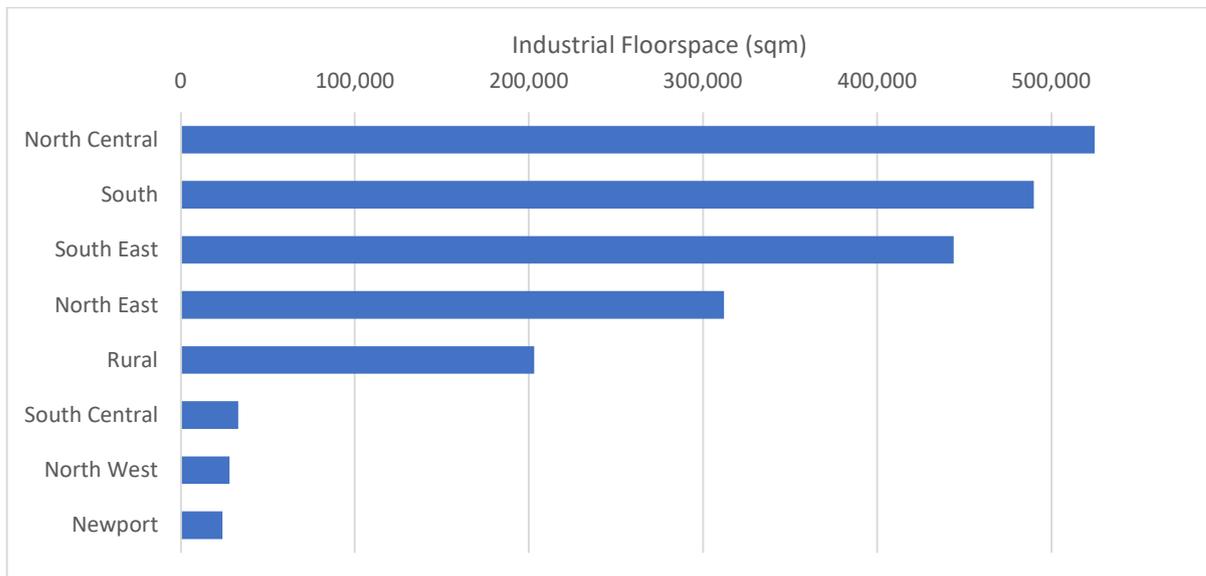
**Figure 12. Industrial Floorspace by Location, 2019**



Source: SPRU analysis of VOA data

- 6.10 This shows the distribution of industrial (i.e. B1c, B2, and B8) floorspace across Telford & Wrekin. This identifies three main concentrations of industrial floorspace –
- In north Telford the areas of Donnington, Hortonwood and Hadley Park provide 680,000 sqm of industrial floorspace. This constitutes around 33% of the borough total. In terms of the sub-areas this industrial area is split between the northern sections of the North Central and North East sub-areas.
  - The area with the next largest quantum of industrial space is Halesfield in the South sub-area with 454,000 sqm – equivalent to around 22% of the borough total.
  - In south east Telford the Stafford Park and Telford 54 areas have a similar quantum of floorspace comprising around 444,000 sqm of industrial floorspace – also equivalent to 22% of the borough total.
- 6.11 In total these areas constitute around three quarters of the total industrial floorspace with around one quarter distributed across the rest of the borough.

**Figure 13. Industrial Floorspace by Sub-Area**



Source: SPRU analysis of VOA data

6.12 We have collated details of industrial floorspace being advertised on Estate Gazettes Property link and CoStar’s Realla commercial property listing websites. This has identified, as of July 2020, a total of 80,400 sqm (865,700 sqft) of industrial space being advertised across 36 developments in Telford & Wrekin.

**Table 15. Industrial Vacancy Rate in Telford & Wrekin**

	Floorspace (sqm)
Total Industrial Vacancies	80,422
Total Industrial Stock	2,104,000
<b>Industrial Vacancy Rate</b>	<b>3.8%</b>

Source: SPRU analysis of VOA Estate Gazettes and CoStar data

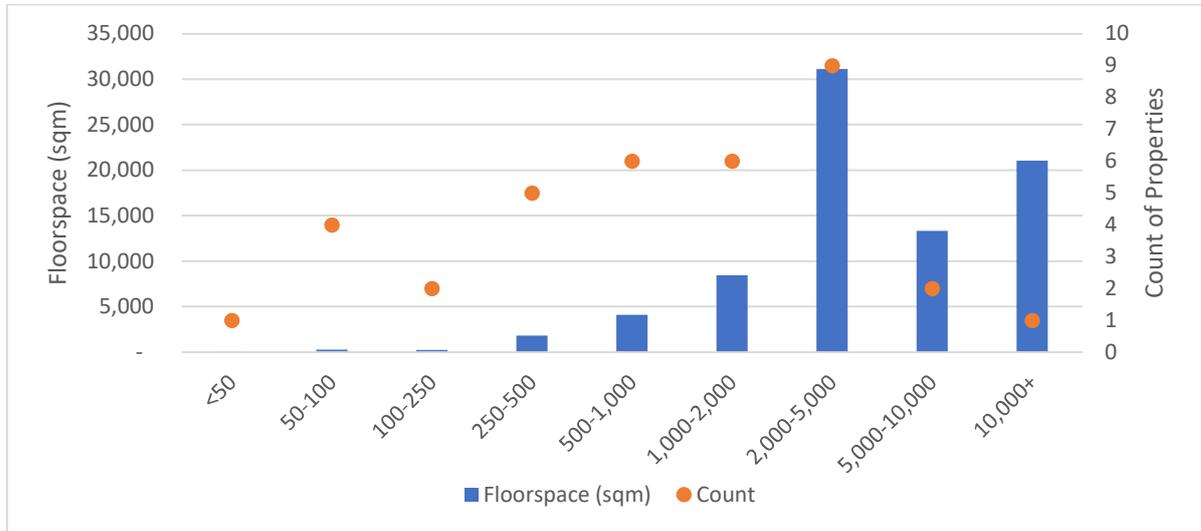
6.13 The advertised available space in Telford & Wrekin equates to just under 4% of existing stock. This provides a ‘snapshot’ of availability at a single point in time which, along with other data sources, provides an indication of the current state of the industrial market in Telford & Wrekin. A guideline for a healthy vacancy rate is generally considered to be around 7.5%<sup>2</sup>, therefore, the lower vacancy rate in Telford & Wrekin suggests a relatively tight supply of premises to meet the high demand for industrial floorspace in the borough.

6.14 However, it should be noted that this analysis was undertaken during the COVID lockdown period, and consultation with local businesses has suggested that many businesses have put decisions regarding relocation / expansion on hold during this period and decisions on taking new premises have been deferred. This suggests that market activity may have been lower than usual during this period.

6.15 Figure 14 shows the industrial vacancies by size, this highlights that the majority of vacancies in both in size (31,099 sqm, equating to 39%), and number (9 developments equating to 25%) are from medium sized developments of between 2,000-5,000 sqm.

<sup>2</sup> Planning Advisory Service, Housing & Economic Development Needs Assessment Technical Advice Note Volume 3 Economic Development, April 2016

**Figure 14. Industrial Vacancies, July 2020**



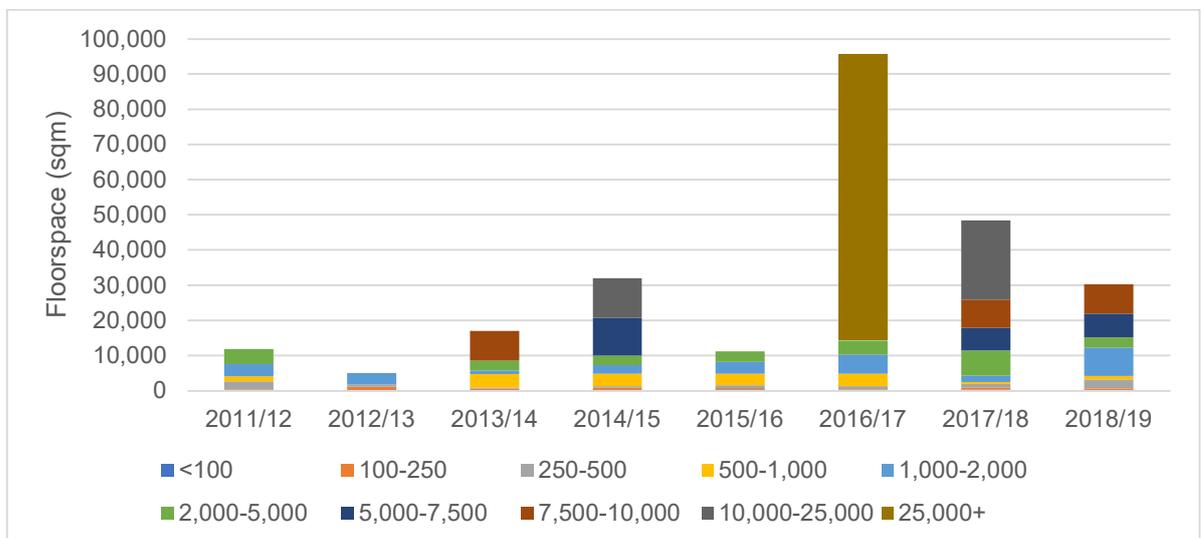
Source: SPRU analysis of Estate Gazettes and CoStar data

**d) The Recent Pattern of Industrial Land Supply and Loss**

6.16 There has been a total of 251,134 sqm of industrial floorspace delivered across Telford & Wrekin since 2011, meaning an average of 31,392 sqm per annum. Analysis of B Class completions in Telford & Wrekin has been undertaken based on the data provided by the Council. This data has been assessed to take account of land used for open storage, and for change of use from one type of B Class to another which does not actually constitute the development of additional floorspace. The assessment process also identifies a number of developments which might not be considered typical of general development trends or demand for new B Class space. These are considered individually below.

6.17 Figure 15 shows the gross completions per year. This does not suggest a steady trend in terms of rates of completion across this period, with a large spike in delivery corresponding with the completion of a large 81,290 sqm development MOD Donnington in 2016/17.

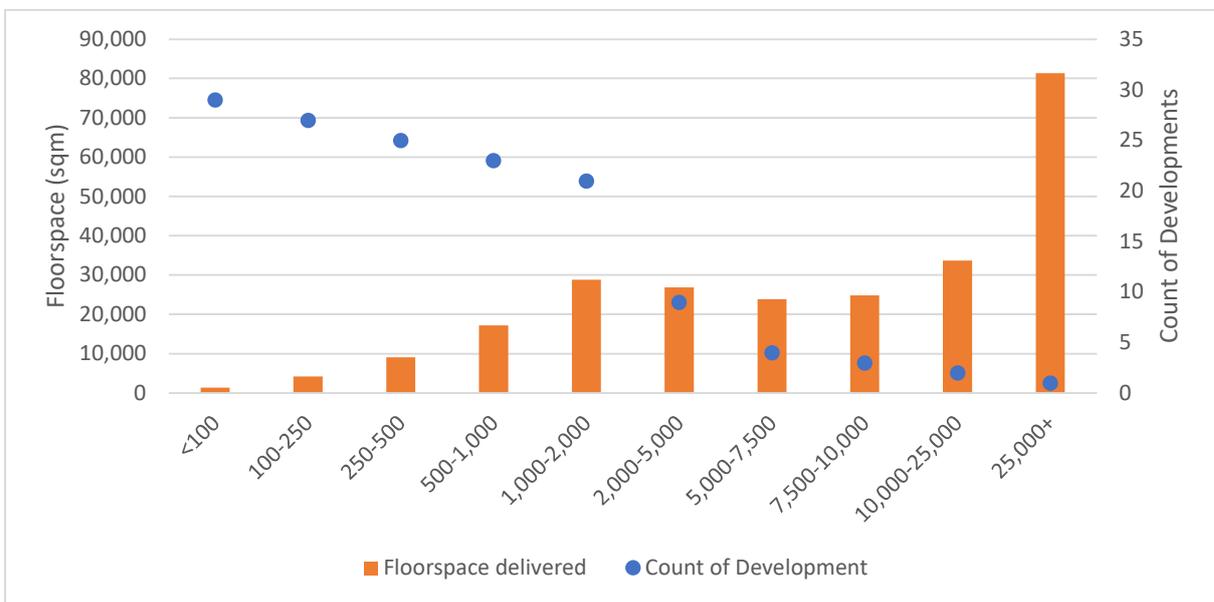
**Figure 15. Industrial Floorspace Gains – by Year and Size Band**



Source: SPRU analysis of Local Authority Monitoring Data

- 6.18 Figure 16 shows the same completions data but organised by size band. This shows that in terms of overall floorspace 32% was due to the large development at MOD Donnington. A further 14% was delivered by the next two largest units over 10,000sqm. However in terms of the number of developments, the 10,000+ sqm size band accounts for 2.1% of all completions.
- 6.19 The development at the MOD Donnington in 2016/17 was responsible for all of the completions over 25,000 sqm. However, with the exception of this development, there is a roughly equitable split in terms of overall floorspace delivered for the size bands from 1,000-25,000 sqm. With regard to smaller units, those delivered under 500 sqm account for 56.3% of the number of developments, but just 5.8% of the total industrial floorspace delivered.

**Figure 16. Industrial Floorspace Gains by Size bands, 2011-19**



Source: SPRU analysis of Local Authority Monitoring Data

- 6.20 Table 16 shows the rate of gross completions in Telford & Wrekin since 2011. This shows the average annual gross completions for 31,392 sqm per annum, compared to the Borough’s overall stock, taken from the VOA.
- 6.21 This shows that over the period since 2011 gross completions in Telford & Wrekin have been equivalent to around 1.5% of total stock. This represents a strong rate of growth. A rule of thumb sometimes used is that a growth of 1% per annum would indicate a healthy rate of growth.
- 6.22 Even excluding the 81,290 sqm completed at the MOD Donnington site in 2016/17, the average annual completions for the 2011-19 period would be 21,231 sqm per annum. This is equivalent to 1.0% of stock.

**Table 16. Industrial Completions vs Industrial Stock**

Year	Industrial Floorspace (sqm)
2011/12	11,849
2012/13	4,987
2013/14	16,978
2014/15	31,934
2015/16	11,212
2016/17	95,580
2017/18	48,387
2018/19	30,207
<b>Gross gains 2011-2019</b>	<b>251,134</b>
Per annum	31,392
2019 Stock	2,104,000
<b>Percentage Growth per Annum</b>	<b>1.5%</b>

Source: SPRU analysis of Local Authority Monitoring Data/ VOA

- 6.23 In addition to industrial floorspace, the Council's completions data shows a considerable quantum of land has been developed for open storage. In total since 2011 there has been 176,209 sqm (17.6ha) of land developed for open storage. This is equivalent to 22,026 sqm (2.2ha) per annum.
- 6.24 However, 133,500 sqm (76%) of the total land developed for open storage was at a single site – the Former RAF site at Ercall. If we were to remove this site from the analysis it would reduce the open storage completions to 42,709 sqm in total, 5,339 sqm (0.5ha) per annum.

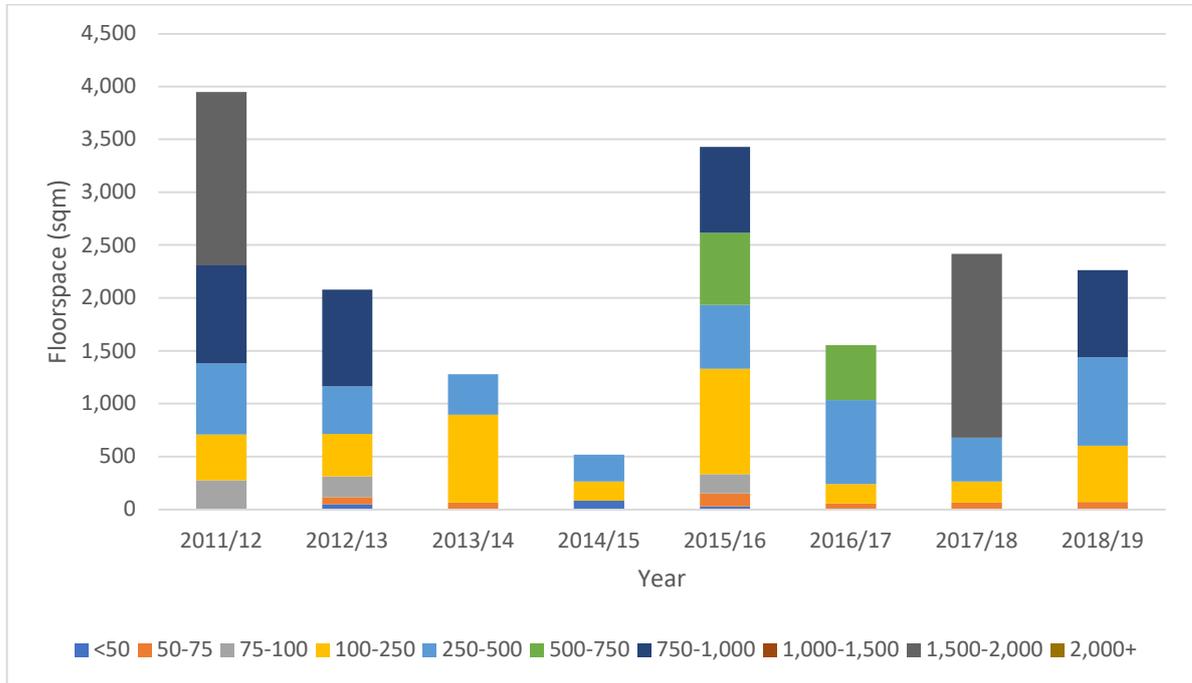
**Table 17. Open Storage Completions, 2011-19**

Year	Site Area (sqm)
2011/12	-
2012/13	-
2013/14	1,199
2014/15	-
2015/16	41,000
2016/17	134,010
2017/18	-
2018/19	-
<b>Total</b>	<b>176,209</b>

Source: SPRU analysis of Local Authority Monitoring Data

- 6.25 Since 2011/12 there has been 17,481 sqm of industrial (B1c/B2/B8) floorspace lost in Telford & Wrekin. This equates to an annual industrial floorspace loss of 2,185 sqm over this period. 55.9% of the developments lost were between 100-500sqm and this accounts for 8,159 sqm or 47% of all floorspace lost.

**Figure 17. Loss of industrial floorspace, 2011-19**



Source: SPRU analysis of Local Authority Monitoring Data

6.26 Comparing the losses figures against the gross completions figures provides the net gain in industrial floorspace over the period since 2011, as shown in the table below. This shows that overall across Telford & Wrekin there has been a net gain of 233,653 sqm of industrial floorspace since 2011.

**Table 18. Net gain of Industrial Floorspace (2011-2019)**

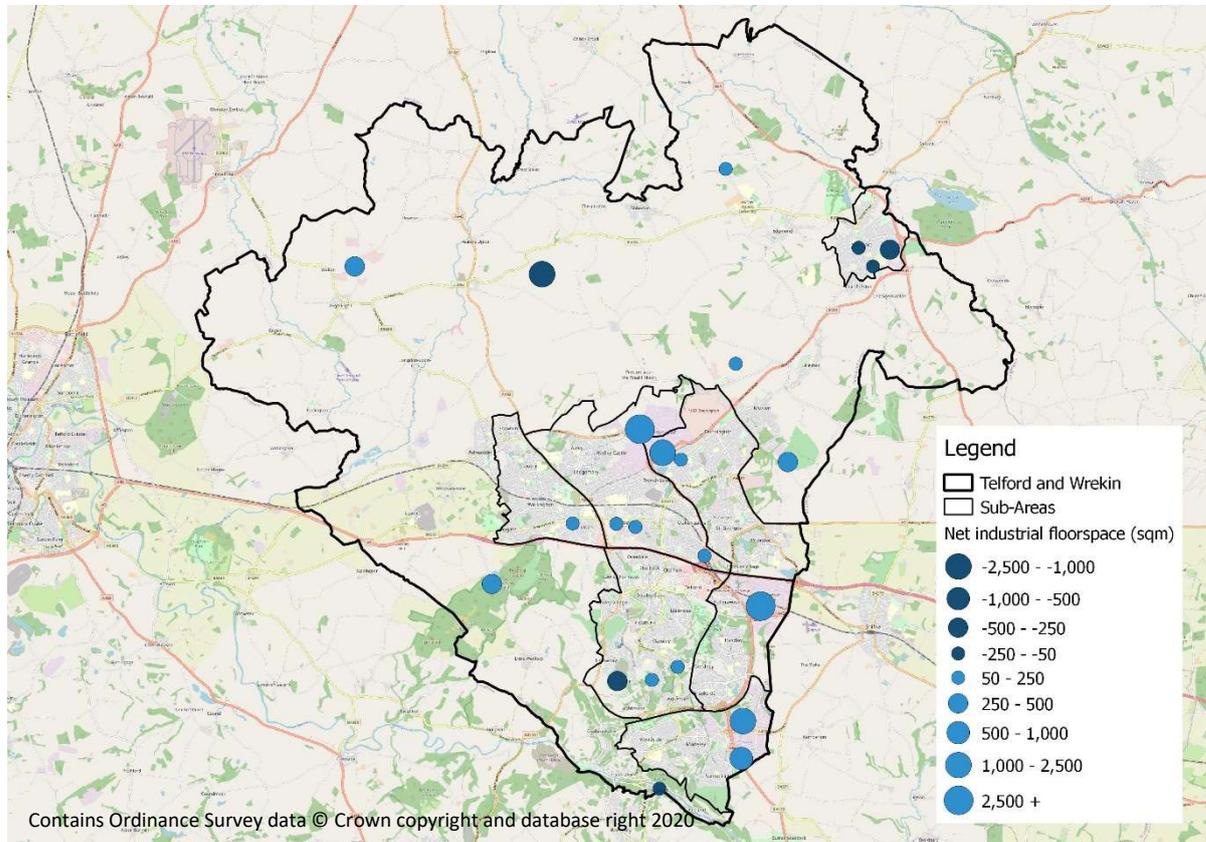
	Industrial Gain (sqm)	Industrial Losses (sqm)	Industrial Net Gain (sqm)
<b>2011/12</b>	11,849	-3,948	7,901
<b>2012/13</b>	4,987	-2,078	2,909
<b>2013/14</b>	16,978	-1,278	15,700
<b>2014/15</b>	31,934	- 517	31,417
<b>2015/16</b>	11,212	-3,427	7,785
<b>2016/17</b>	95,580	-1,553	94,027
<b>2017/18</b>	48,387	-2,417	45,970
<b>2018/19</b>	30,207	-2,263	27,944
<b>Total</b>	<b>251,134</b>	<b>-17,481</b>	<b>233,653</b>

Source: SPRU analysis of Local Authority Monitoring Data

6.27 Figure 18 shows the net completions of industrial land in Telford & Wrekin over the period 2011-19. The figure shows the annual average quantum of development for each sub-area over this period. This shows that the vast majority of industrial floorspace gain has been in Telford & Wrekin, with the majority (75%) focused in the North Central sub-area. This area saw an average of 18,600 sqm gained per annum over the period 2011-19, which is heavily influenced by the development of 81,290 sqm at MOD Donnington. Excluding this large single development from the analysis reduces the North Central figure to 8,500 sqm per

annum which is still accounts for 58% of gains across the borough.

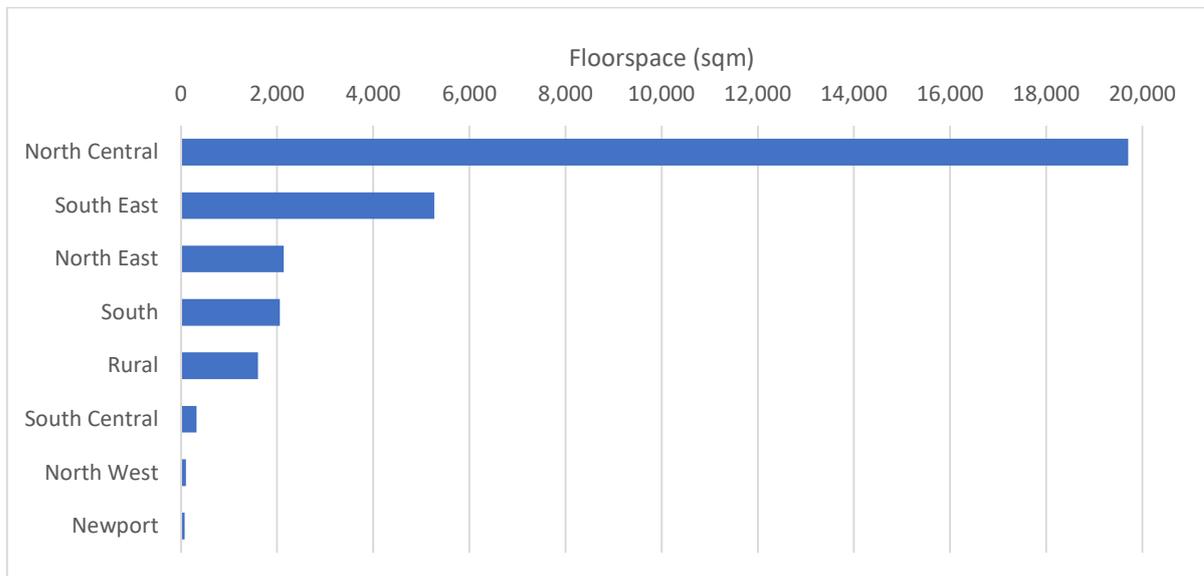
**Figure 18. Net Completions by Sub-Area, Annual Average 2011-19**



Source: SPRU analysis of Local Authority Monitoring Data

- 6.28 Smaller gains were also seen the South East and South sub-areas which saw annual average gains of 3,900 sqm per annum (16% of total) and 1,900 sqm per annum (8% of total) respectively.
- 6.29 Conversely some sub-areas saw net losses of industrial space over this period with Rural areas seeing an average annual loss of 1,200 sqm per annum, Newport seeing an average annual loss of 500 sqm per annum, and South Central Telford seeing a minor loss of 160 sqm per annum.
- 6.30 These net figures are due to an erosion of numerous existing sites over the period which have not been replaced through new development. The gross completions figures for each sub-area are shown in Figure 19 which shows that development in Newport and South Central Telford (as well as North West Telford) have seen virtually no industrial development over this period.

**Figure 19. Gross Industrial Completions by Sub-Area – Annual Average, 2011-19**

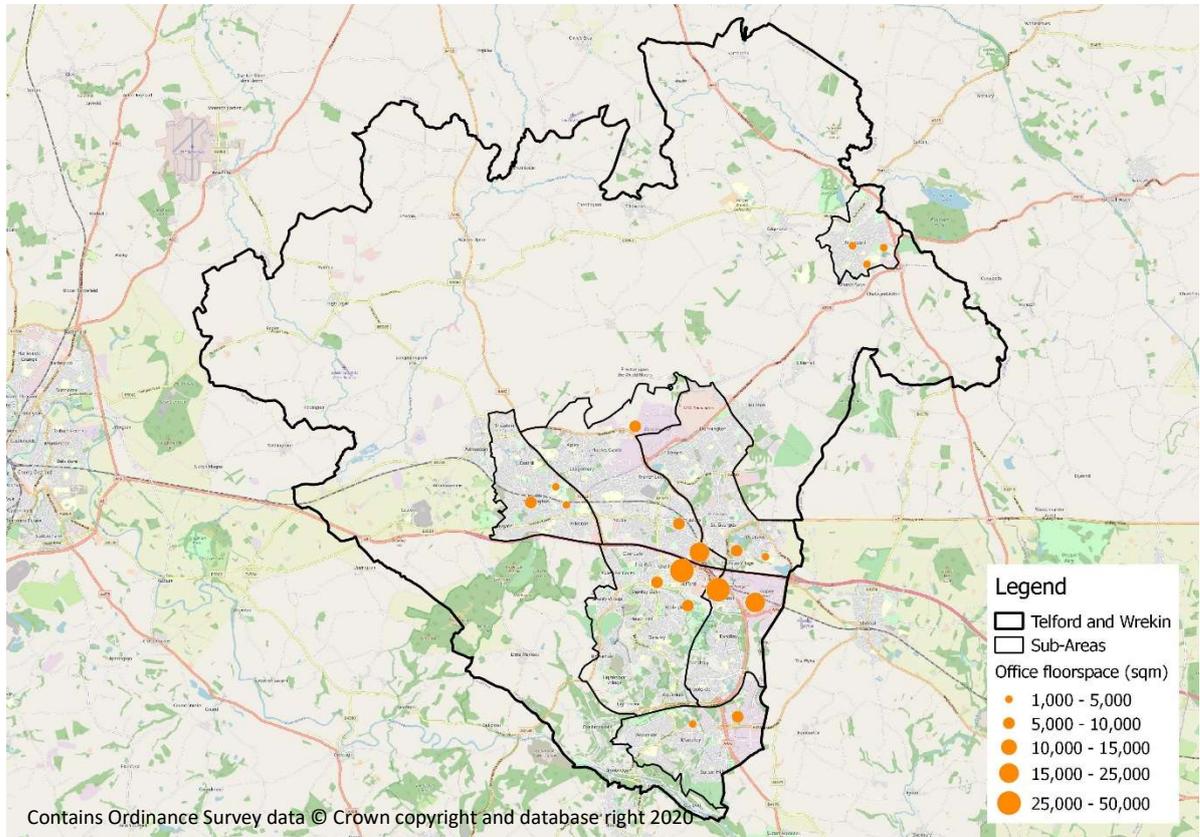


Source: SPRU analysis of Local Authority Monitoring Data

**e) Office Floorspace and Completions**

- 6.31 As of 2019 Telford & Wrekin has around 207,000 sqm of office floorspace. Telford & Wrekin’s office market is predominantly focussed in Central Telford, Stafford Park, and Telford54. Together, these locations account for just over half (51%) of the total office floorspace in the borough. There are also smaller concentrations of office space throughout the other employment sites across Telford, particularly at Halesfield (South sub-area), Donnington Wood (North East) and the various employment areas across northern Telford (Donnington, Hadley Park, Hortonwood).
- 6.32 The map below shows the location of Telford & Wrekin’s office floorspace by area. The data for each area is clustered by lower super output area (LSOA) so represents local areas rather than individual units.

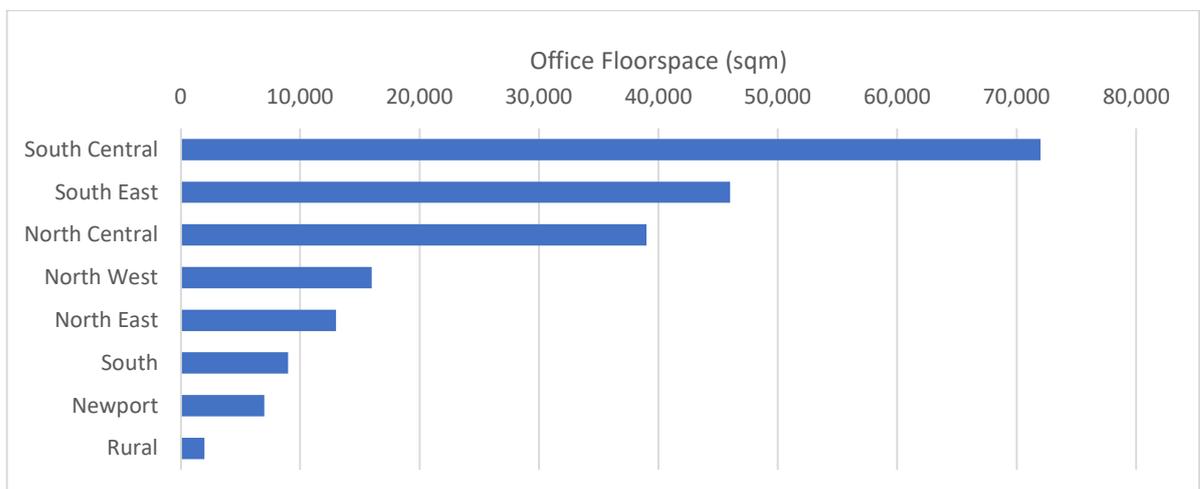
**Figure 20. Office Floorspace by Location, 2019**



Source: SPRU analysis of VOA data

6.33 The breakdown of office floorspace by sub-areas is shown in the figure below showing that the South Central sub-area, which covers central Telford, has the highest quantum of office floorspace – around 30% of the borough total. This means that the majority (around 70%) of the total office space is spread across a range of employment areas and business parks across this borough. The sub-areas with the next highest concentration of office floorspace are the South East and North Central areas with around 20% each.

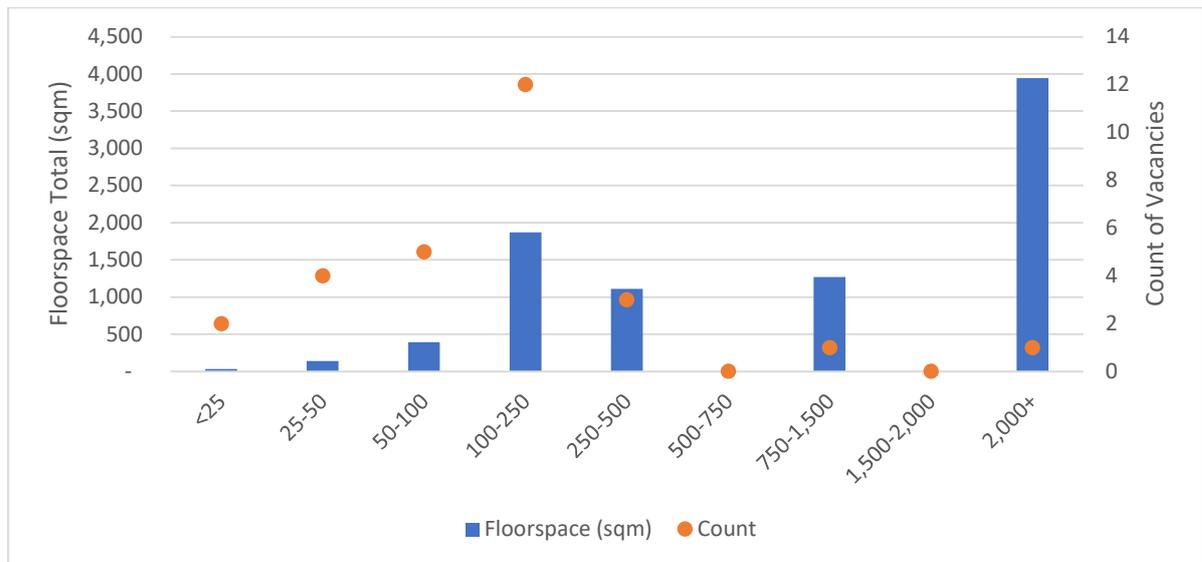
**Figure 21. Office Floorspace by Sub-Area**



Source: SPRU analysis of VOA data

- 6.34 We have collated details of industrial floorspace being advertised on Estate Gazettes Property link and CoStar’s Realla commercial property listing websites. This has identified that as of July 2020, a total of 8,753 sqm office space is being advertised across Telford & Wrekin.
- 6.35 The figure below shows that the majority (45%) of office space being advertised in Telford & Wrekin constitutes just of one development in excess of 2,000 sqm. Although, in terms of number of office developments, there are 12 (43% of total count) office spaces being advertised which are in the small size band of 100-250 sqm in size.

**Figure 22. Office Vacancies, July 2020**



Source: SPRU analysis of Estates Gazettes and CoStar data

- 6.36 The above vacancy data can be combined with the overall floorspace data to identify a vacancy rate for each authority. This simply represents a snapshot at the time the assessment was undertaken and therefore should be treated as such, and as noted about in the analysis of the industrial vacancies, this snapshot represents the situation in the middle of the COVID lockdown period.
- 6.37 This notwithstanding the data does provide a useful market indicator which shows a vacancy rate of around 4% - similar to the industrial sector. This suggests a reasonably constrained office market without a significant surplus of office space. However, as shown in the analysis of risks due to COVID set out in Section 8, potential changes to working practices could well have an impact on the demand for office space in the future.

**Table 19. Office Vacancy Rates, July 2020**

	Floorspace (sqm)
Total Office Vacancies	8,753
Total Office Stock	207,000
<b>Office Vacancy Rate</b>	<b>4.2%</b>

Source: SPRU analysis of VOA Estate Gazettes and CoStar data

**f) The Recent Pattern of Office Land Supply and Loss**

6.38 Looking at completions data recorded by the local authority shows that there has been a total of 33,403 sqm of office floorspace delivered across Telford & Wrekin since 2011. This equates to an average of 4,175 sqm per annum, equivalent to 2.0% of existing total stock levels.

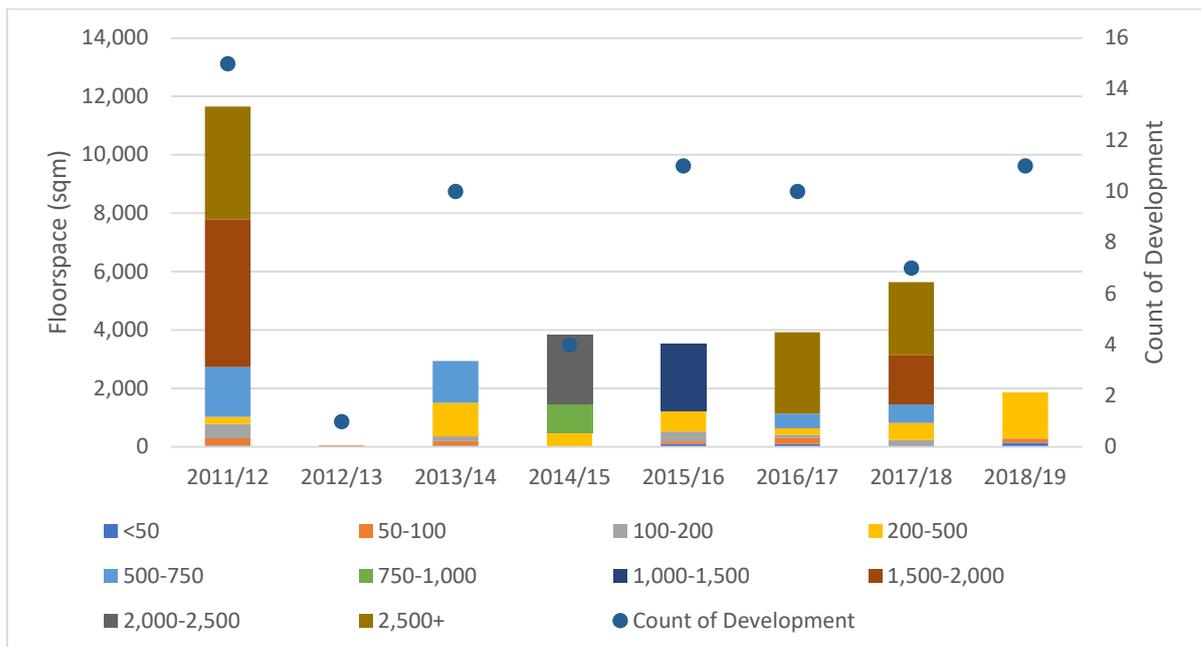
**Table 20. Office Completions vs. Office Stock**

Year	Office Floorspace (sqm)
2011/12	11,646
2012/13	51
2013/14	2,938
2014/15	3,821
2015/16	3,518
2016/17	3,922
2017/18	5,637
2018/19	1,870
<b>Gross gains 2011-2019</b>	<b>33,403</b>
Per annum	4,175
2019 Stock	207,000
<b>Percentage Growth per Annum</b>	<b>2.0%</b>

Source: SPRU analysis of VOA data and Local Authority Data

6.39 The figure below shows gross completions of office space per year. This shows that the majority (35%) of office floorspace was delivered in 2011/12, but since 2013/14 development rates have been fairly consistent both in terms of total floorspace developed and the number of developments. In contrast to the industrial completions data there is no single large development dominating office development in Telford & Wrekin in recent years

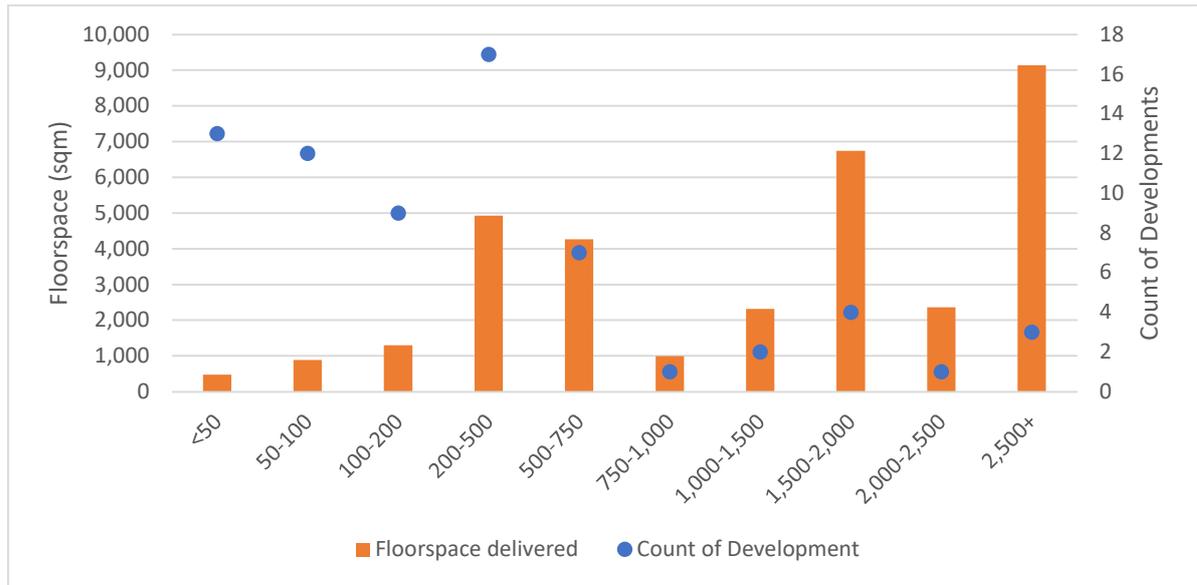
**Figure 23. Telford & Wrekin Office Floorspace Gains – by Year and Size Band**



Source: SPRU analysis of Local Authority Monitoring Data

6.40 Figure 24 shows the same completions data but organised by size bands. This shows that in terms of overall floorspace, the most was delivered at larger sized units in the range of 1,500+ sqm with a combined 55% of all floorspace delivered in these categories. However, it is clear that in terms of the number of units, there have been a greater number of smaller units delivered. A combined total of 74% of units taken up between 2011-19 were in the smaller size bands of up to 500 sqm.

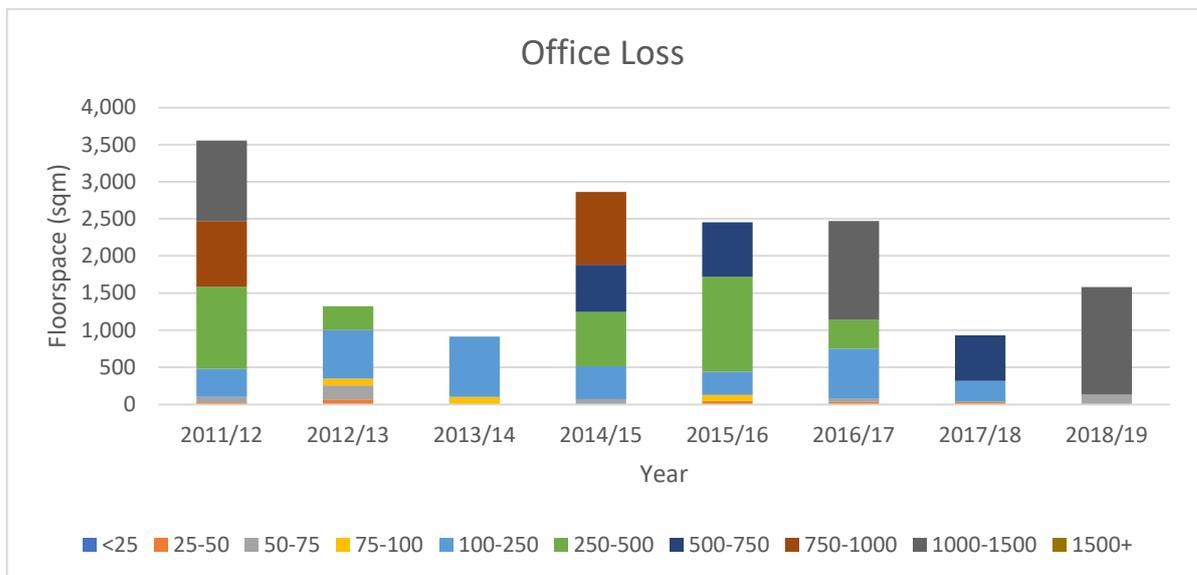
**Figure 24. Office Floorspace Gains by Count and Size Bands, 2011-19**



Source: SPRU analysis of Local Authority Monitoring Data

6.41 The quantum of office floorspace lost per year since 2011/12 is shown in the figure below. Over this period a total of 16,080 sqm of office floorspace has been lost and equating to an average of 2,010 sqm per annum.

**Figure 25. Loss of Office Floorspace, 2011-2019**



Source: SPRU analysis of Local Authority monitoring data

6.42 Comparing the losses figures against the gross completions figures provides the net gain in office floorspace for each authority over the period since 2011, as shown in Table 21. This shows that overall across Telford & Wrekin there has been a net gain of 17,323 sqm of office floorspace since 2011.

**Table 21. Net Gain of Office Floorspace, 2011-19 (sqm)**

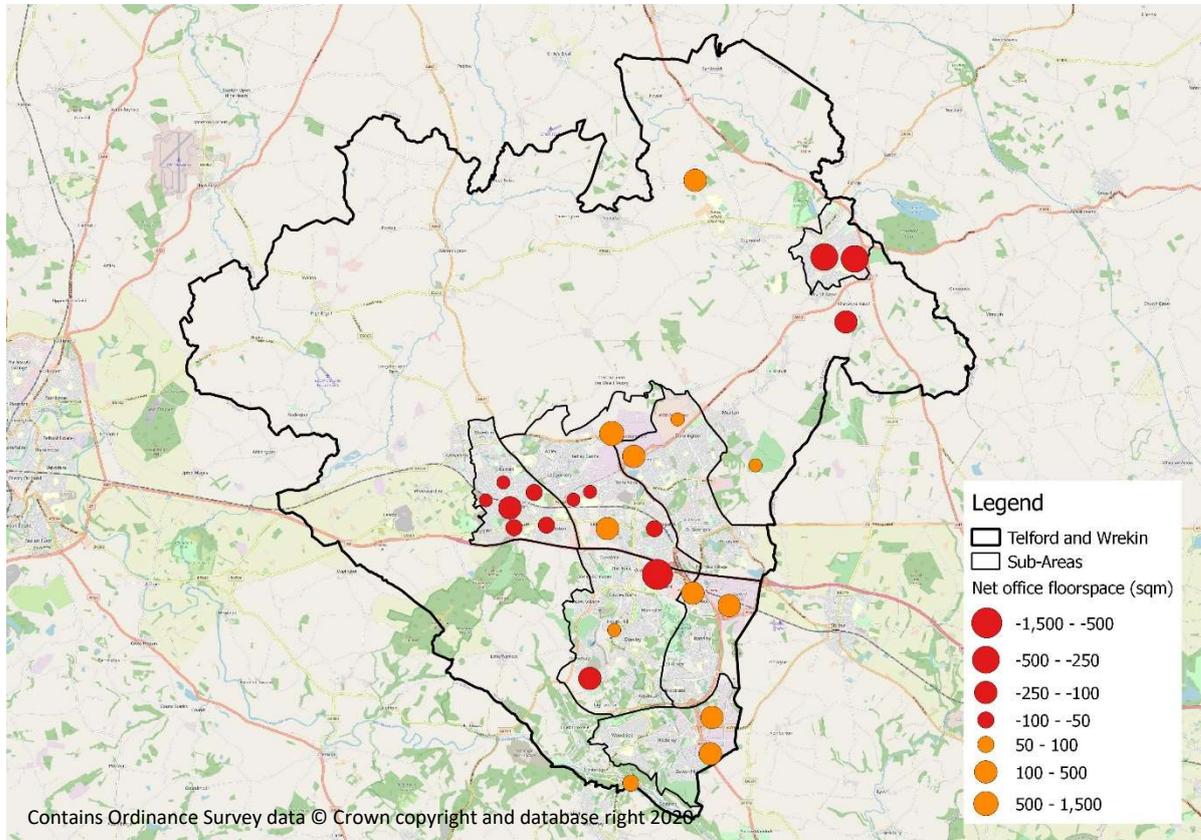
	Office Gain	Office Losses	Office Net
2011/12	11,646	- 3,553	8,093
2012/13	51	- 1,321	- 1,270
2013/14	2,938	- 912	2,026
2014/15	3,821	- 2,860	961
2015/16	3,518	- 2,453	1,065
2016/17	3,922	- 2,471	1,451
2017/18	5,637	- 930	4,707
2018/19	1,870	- 1,580	290
<b>Total</b>	<b>33,403</b>	<b>- 16,080</b>	<b>17,323</b>
<b>Annual Average</b>	<b>4,175</b>	<b>- 2,010</b>	<b>2,165</b>

*SPRU analysis of local authority monitoring data*

6.43 The location of office development is shown on the map below. This shows the annual average annual net office completions across Telford & Wrekin over the period 2011-19. This highlights the locations where there have been net gains and net losses of office floorspace in recent years.

6.44 One of the most notable findings is the net loss of office space in central Telford which has seen an annual average loss of 1,300 sqm of office floorspace per annum since 2011. The other main employment centres across Telford have all seen net growth over this period with the most being in North Central Telford where there has been an average gain of 1,200 sqm per annum. Beyond the main employment areas in Telford there has been a considerable loss of office space – Newport, North West Telford and South Central Telford have all seen net losses of office space.

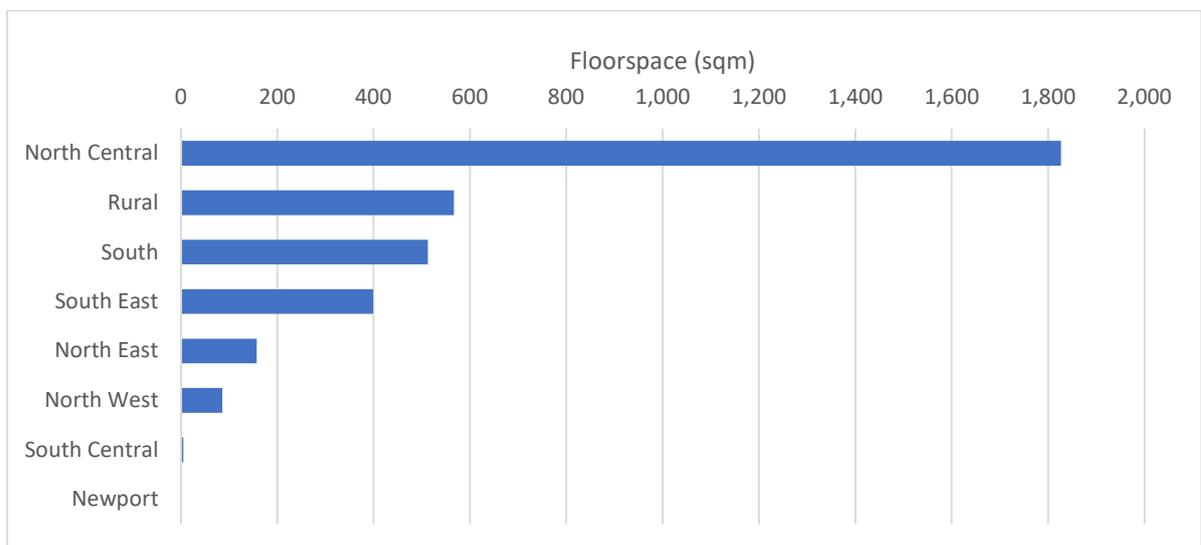
**Figure 26. Net Completions by Sub-Area, Annual Average 2011-19**



Source: SPRU analysis of Local Authority Monitoring Data

6.45 The gross completions trend – i.e. showing total gross development not including any losses – shows that the majority of development has been focused in the North Central area equating to 46% of total new office development. Conversely, South Central Telford and Newport have seen virtually no new development to offset the losses in these areas.

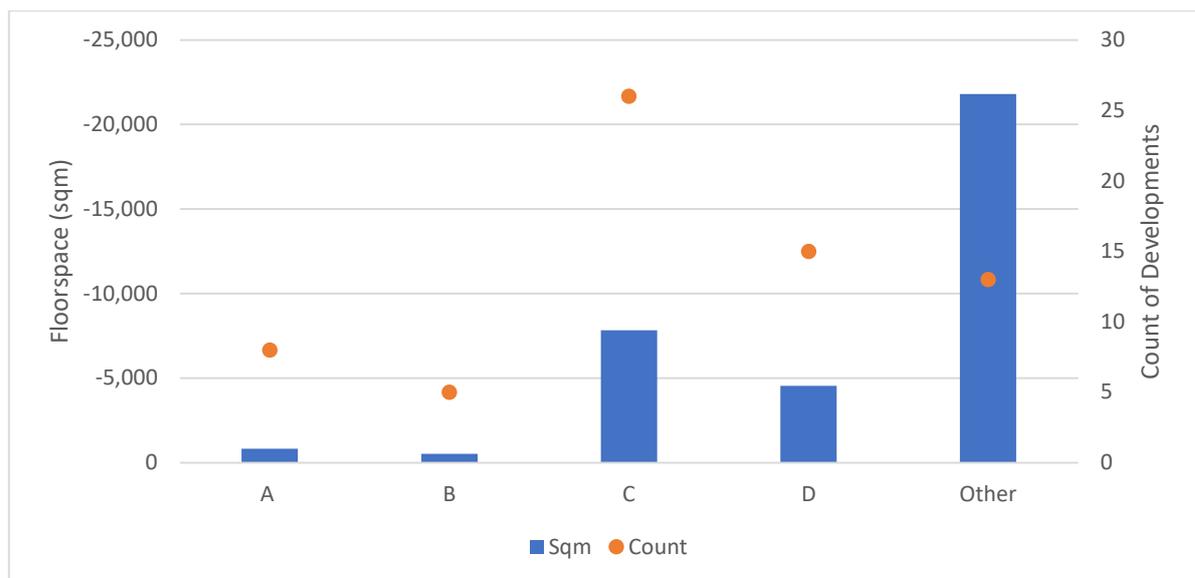
**Figure 27. Office Completions by Sub-Area – Annual Average, 2011-19**



Source: SPRU analysis of Local Authority Monitoring Data

- 6.46 The Council's completions data shows the quantum of office floorspace lost to alternative uses. The figure below shows the quantum of floorspace lost to the different use classes. This shows that in terms of overall floorspace the majority (61%) was lost to 'other' uses which includes Sui Generis and demolition with no new use stated.
- 6.47 In total, 7,800 sqm of office space was lost due to change of use to residential uses – equivalent to 22% of all office floorspace lost. However, in terms of the number of developments, 26 (39%) were for change of use to residential (C Class) which was the highest of all the use classes. In terms of location the areas which have seen the greatest loss of office space to residential is North West Telford and Newport – as reflected on the map above.
- 6.48 There were also smaller numbers of changes of use to commercial (A Class), other employment uses (B Class), and assembly and leisure (D Class). The general trend shows that these related to smaller office units with the majority of sub-100 sqm losses changing to these uses. There have been a small number of smaller offices changing to a single residential unit, however the majority of offices lost to residential uses have been in the mid-range of between 100-1,000 sqm, converted to create 2-10 residential units.

**Figure 28. Office Losses to Alternative Uses by Use Class, 2011-19**



Source: SPRU analysis of Local Authority Monitoring Data

**g) Future Employment Land Requirement Based on Past Completions Trends**

- 6.49 In accordance with Planning Practice Guidance, the trend of past completions can be considered as a means to forecasting future employment land needs. Extrapolating the past completions forward over a twenty-year period provides a basic way to estimate of the future requirements in Telford & Wrekin for the plan period.
- 6.50 Estimating future employment land needs based on a simple extrapolation of past completion trend data has the benefit of being straightforward and transparent. It is easy to understand the implications in terms of delivery rates being a continuation of existing patterns.
- 6.51 However, there are disbenefits of this approach: It potentially models forward historic or existing supply-side constraints; and it reflects the market context of the time period considered which may not be representative of the forecasting period.
- 6.52 In accordance with national guidance, the past completions trends should be considered

against alternative approaches to considering future needs, in the context of the latest contextual data on commercial market and economic trends. A comparison of the different scenarios is set out in Sections 9 and 10 of this report.

- 6.53 The completions trend forecast should therefore be considered with these caveats in mind.
- 6.54 Considerations of the past trends data, as set out above, has identified two key factors which will impact on modelling future needs based on past trends. These are: the impact of the development at MOD Donnington, and the quantum of development for open storage uses. These are considered in turn below.

**i) MOD Donnington site**

- 6.55 The completions data highlights a particularly large development in Donnington of the MOD's National Defence Fulfilment Centre (planning application number TWC/2015/0293) in 2016/17. The vast majority of this new floorspace was at a single 875,000 sqft (81,290 sqm) warehouse unit, along with 2,787 sqm of office space.
- 6.56 As noted previously, this was the largest single development in the borough since 2011, and represented almost a third (32%) of the total industrial floorspace delivered over this period. In terms of scale alone this development represents an outlier. The key question is whether it is reasonable to plan on the basis that in future development of this scale would come forward in Telford & Wrekin.
- 6.57 The development came forward due to the MOD consolidating its national logistics operations to a single site, with Telford & Wrekin considered alongside other locations as a potential location, with the Donnington site being selected as the preferred location. This was due to:
- the proximity to existing MOD site
  - suitable and available land in the borough
  - existing local workforce
  - close working with the Council to bring the development forward.
- 6.58 The development resulted in the retention of jobs at the existing MOD site as well as the creation of a significant number of additional jobs. The development therefore represented a significant inward investment opportunity that the Council supported.
- 6.59 The analysis undertaken as part of this assessment has shown that these key factors remain applicable to the borough as an attractive location for inward investment. Numerous stakeholders have identified Telford & Wrekin as an attractive location for inward investment – both foreign and domestic – due to these range of factors. Multiple stakeholders cited the Council's positive approach to supporting businesses seeking to move into the country / region as a key determining factor. Liaison with the Council's inwards investment team suggests this trend is expected to continue.
- 6.60 This applies to a wide range of sectors and is not limited to the MOD (but not excluding them either). For example, the proximity to a high concentration of manufacturing firms and related support services and supply chain, was cited as a key determinant from a number of stakeholders for the popularity of the area for manufacturing firms. Similarly, the existing skilled local workforce was also cited by numerous stakeholders.
- 6.61 Therefore it is considered that when estimating future employment land needs based on an extrapolation of past trends it is most reasonable to retain the development at MOD Donnington within the analysis, despite it being an outlier in terms of scale.
- 6.62 Conversely, excluding the development from the estimate of future employment land needs would risk restricting the supply of available land such that future opportunities for inward

investment or expansion of existing employers might be constrained, limiting the Council's plans to continue to attract and retain local jobs.

**ii) *The Need for Open Storage***

- 6.63 The Council's completions data shows that over the period from 2011-19 there has been an annual average of 2.2 ha of land come forward each year for open storage uses. This is for the storage of a variety of materials but primarily motor vehicles and parts, and building materials.
- 6.64 Clearly, there is a need for continued provision of employment land to support these uses. Therefore it is appropriate to increase the overall employment land needs to account for the demand for open storage uses. However, the nature of open storage means that there is a relatively weak link between jobs growth and land needs – the land requirements are often more closely linked to the types of item being stored rather than the number of employees at a site. We have therefore estimated the future demand based on rolling forward past trends.
- 6.65 However, the data shows that a single development accounts for a significant proportion of open storage land delivered in Telford & Wrekin. Development at the former RAF base in High Ercall (TWC/2015/0359) provided 13.35 ha of open storage of motor vehicles. This single development accounted for 76% of all open storage completed over the period 2011-19. In terms of scale alone this represents a significant outlier in the data.
- 6.66 This development was fairly unique in nature. It represented the reuse of a previously developed site which was originally an RAF base which had more recently been used as a training facility. The site had a significant number of existing buildings and areas of hardstanding and was in need of regeneration. However, the site was in a relatively inaccessible location surrounded by largely open undeveloped land.
- 6.67 As such this development is considered to reflect the particular circumstances of the existing site and the regeneration and reuse of previously developed land with a particular set of characteristics. To this extent it can be considered to have been supply-led.
- 6.68 Consideration of the quantum of land required for open storage during the forecasting period therefore depends largely on whether there are similar sites likely to come forward during this time. Discussions with the Council suggest that this is not the case.
- 6.69 As such, the redevelopment of RAF Ercall is considered to represent a singular development opportunity which is not commensurate in scale or nature with any other developments in the borough over this period. It is therefore considered most appropriate to exclude this development from the analysis of future land requirements for open storage in Telford & Wrekin.
- 6.70 Based on the completions trend data, excluding the outlier at Ercall, there has been an average annual delivery of 0.53 ha of land for open storage in Telford & Wrekin. Extrapolating this for the 20 year plan period identifies a need for 10.7 ha of land for open storage.
- 6.71 This is additional to the main completions trend data which is based on the quantum of completed floorspace for employment uses, and then converted to employment land requirements.

**h) *Employment Land Needs Based on Past Completions Trends***

- 6.72 Taking the factors set out above into consideration, Table 22 sets out a range of employment land requirement figures based on different modelling assumptions to take account of the outlier at MOD Donnington and the need for open storage space.
- 6.73 The first two scenarios are based on excluding the MOD Donnington from the analysis. These two scenarios identify a need for considerably lower amounts of land for B8 uses –

roughly 50ha lower than if the site is included within the analysis (the latter two scenarios). The second and fourth scenarios also include provision of 10.7ha for open storage included within the B8 figure.

- 6.74 As set out above, the fourth completions trend scenario is considered to provide the most robust assessment of future employment land needs based on past trends. This identifies a need for 188.5 ha of employment land for the period 2020-40.

**Table 22. Employment Land Needs Based on Past Completions Trends, 2020-40**

<b>MOD Donnington Assumption</b>	<b>Open Storage Assumption</b>	<b>B1a/b</b>	<b>B1c/B2</b>	<b>B8</b>	<b>Total</b>
Excluded	No	19.1	81.3	24.8	<b>125.2</b>
Excluded	Included	19.1	81.3	35.5	<b>135.9</b>
Included	No	20.9	81.3	75.6	<b>177.8</b>
Included	Included	20.9	81.3	86.3	<b>188.5</b>

**i) Summary**

- 6.75 This section has provided a qualitative and quantitative assessment of Telford & Wrekin’s commercial property market. The first part provides a qualitative assessment based on feedback received from stakeholder engagement. The second part provides a quantitative assessment based on a range of data sources and monitoring data. The final part of this section looks at the future employment land requirement for each authority based on a past completions trend and interprets this in the context of the commercial market signals.
- 6.76 Telford & Wrekin has seen strong rates of delivery in recent years. Multiple stakeholders reported the Council have taken a very proactive approach to attract new businesses and manage the property requirements of new and existing businesses more effectively than many other authorities. This means Telford & Wrekin have had considerable success attracting inward investment.
- 6.77 There is a total of 2,104,000 sqm of industrial floorspace in Telford & Wrekin – similar in scale to Wolverhampton. Since 2011 gross industrial completions in Telford & Wrekin have been equivalent to around 1.5% of total stock. This represents a strong rate of growth. While there have been some losses of industrial space, the considerably higher completions means there has been a net gain of 233,653 sqm of industrial floorspace since 2011.
- 6.78 There is a good agglomeration of businesses in Telford & Wrekin. This related particularly to the High-tech manufacturing, Food production, processing and packaging and distribution, and burgeoning Agri-tech sector, which all benefit from shared local services and labour force, and also benefit from strong transport links along the M54 east to i54 and the rest of the West Midlands and west to Shropshire. Development of cluster sites (e.g. science or business parks) are attractive to support these uses and have proved successful in attracting inward investment to the area.
- 6.79 There is strong demand for industrial premises in Telford & Wrekin and the vacancy rate for industrial stock is low. Demand for industrial space is generally focussed on units around 50,000 sqft, but some require larger facilities of 100,000-200,000 sqft. Sites are required which have good infrastructure provision – energy being highlighted as most vital, 24 hour operation and access, and space for potential future expansion.
- 6.80 The completions data highlights a particularly large development in Donnington of the MOD’s

National Defence Fulfilment Centre which represented almost a third (32%) of the total industrial floorspace delivered since 2011. The analysis suggests that when estimating future employment land needs based on an extrapolation of past trends it is most reasonable to retain the development at MOD Donnington within the analysis, despite it being an outlier in terms of scale.

- 6.81 In addition to industrial floorspace, the Council's completions data shows a considerable quantum of land has been developed for open storage. There is a need for continued provision of employment land to support this and the overall employment land needs to account for the demand for open storage uses.
- 6.82 In terms of office occupiers, Businesses and professional services sectors in Telford & Wrekin are currently performing strongly in the borough and there has been a recent growth in digital and IT companies in Telford & Wrekin.
- 6.83 There is a total of 207,000 sqm of office space in Telford & Wrekin which is gain similar in scale to that of Wolverhampton. This is predominantly focussed in Central Telford, Stafford Park, and Telford54. There has been a total of 33,403 sqm of office floorspace delivered across Telford & Wrekin since 2011, equivalent to 2.0% of existing total stock levels.
- 6.84 However, there has also been a fairly considerable loss of office space. Since 2011 a total of 16,080 sqm of office floorspace has been lost – roughly half of the total gained. This has been most significant in central Telford which has seen an annual average loss of 1,300 sqm of office floorspace per annum. There have also been net losses in Newport, North West Telford. 39% of losses were due to change of use to residential, although in terms of floorspace this was only 22%.
- 6.85 In terms of office floorspace, the main demand is for flexible small units (around 1,500sqft) as well as space suitable to support corporate HQ type uses. Existing office buildings may need to be broken down into multiple smaller units There is particular demand for offices in town centre and in business parks located along the A422. Longer term there is likely to be stronger demand for live/work units, and mixed use developments focussed around the Town Centre.
- 6.86 An estimate of the future requirements in Telford & Wrekin for the plan period has been developed based on the trend of past completions. This identifies a need for 188.5 ha of employment land for the period 2020-40: around 21 ha for office uses, 81h of industrial, and 86 ha of warehouse/distribution.

## 7.0 FUTURE ECONOMIC GROWTH

7.1 This section provides an assessment of the future economic growth forecasts for Telford & Wrekin to 2040. The forecasts are assessed on an overall and sectoral basis to consider their suitability and robustness for planning purposes.

### a) Economic Growth Forecasts

7.2 This section sets out the future employment growth identified by the econometric forecasts. Three econometric forecasts have been assessed:

- Cambridge Economics (CE)
- Oxford Economics (OE)
- Experian

7.3 These forecasts were produced in July 2020 and run to 2040. All forecasts take account of the impacts of Brexit and COVID-19 in their modelling.

7.4 The forecasts provide different conclusions on future jobs growth in Telford & Wrekin due to their different modelling methodologies and assumptions. These are briefly described below.

#### i) *Cambridge Econometrics (CE)*

7.5 The approach taken by the CE forecast is perhaps the simplest of the forecasting houses, insofar as it assumes that economic growth in the local area is not constrained by supply-side factors – such as population and the supply of labour. Therefore, the CE forecast makes no estimates of population, activity rates and unemployment rates of the local population. The forecast only provides outputs for total employment, which is equivalent to workforce jobs.

7.6 The CE forecast simply assumes that there will be enough labour (either locally, or through commuting and future in-migration) with the right skills to fill the jobs. The forecast provides no outputs on demographic or local population labour supply. If, in reality, the labour supply is not there to meet projected growth in employment, growth could be constrained.

7.7 The CE forecast is based on historic growth trends assessed in terms of the local area's performance relative to the region or UK trend – whichever has the strongest relationship with the local area. This process is undertaken on a sector by sector basis.

7.8 The forecast assumes that those relationships continue into the future. Thus, if an industry in the local area outperformed the industry in the region (or UK) in the past, then it will be assumed to continue to do so in the future. Similarly, if it underperformed the region (or UK) in the past then this will be projected forward in the future.

#### ii) *Oxford Economics (OE)*

7.9 The Oxford Economics forecasts sit within their global and national forecasts. This ensures macro-economic factors (such as developments in the Eurozone and UK Government fiscal policy) have an appropriate impact on the forecasts at a local authority level. This means the trends in OE's global, national and sectoral forecasts have an impact on the local area forecasts and means that the OE forecast is more than just an extrapolation of historical trends.

7.10 OE's local forecasting model depends essentially upon three factors:

- National/regional outlooks – consistency with the broader global and national forecasts;
- Historical trends in an area (which implicitly factor in supply side factors impinging on demand), augmented where appropriate by local knowledge and understanding of

patterns of economic development; and

- Fundamental economic relationships which interlink the various elements of the outlook.

- 7.11 OE report in their data guide that the current macro-economic climate means that their local forecasts show most, if not all, local areas will face challenges in the short-term, irrespective of how they have performed over the past 15 years.
- 7.12 The OE forecasts are produced within an integrated modelling framework, which takes account of labour supply-side factors such as migration, commuting and activity rates and both models' employment and population growth.
- 7.13 The starting point in producing employment forecasts is the determination of workplace-based employees in employment in each of broad sector consistent with the regional and UK outlooks. At local authority level sectoral growth is driven by a range of factors:
- Some sectors are driven predominantly by population estimates,
  - Others by total employment in the area,
  - The remainder relative to the regional performance (largely exporting sectors),
  - All sectors are also influenced by past trends in the local area.
- 7.14 Total employment is calculated by adding the employees in employment, the self-employed and Her Majesty's Forces. Self-employment data by region is taken from Workforce jobs data which is then broken down into detailed sectors using both employee trends and the UK. Data for the local authorities is Census based (and scaled to the regional self-employed jobs estimates) and is broken down using the employees in employment sectoral structure. The sectors are forecast using the growth in the sectoral employees in employment data and the estimates are scaled to the regional estimate of self-employment by sector.
- 7.15 The OE framework models population as an output which is economically driven and thus forecasts differ from the official population projections. The OE model uses official births and deaths projections from the 2016-based population projections; however, they use different migration assumptions based on their modelled UK migration, and at the local level, migration is linked to the forecast employment rate.

### iii) *Experian*

- 7.16 Like OE, the Experian forecast is an integrated model providing a wide range of outputs on employment, workforce, and population trends. The Experian local model is based on the resolution of demand and supply for labour. This process takes into account commuting between local areas within a region and across the regional boundary as well as an estimate of the growth in the economic participation rates in a local area.
- 7.17 For population, the Experian model takes as an input data from the 2014-based Sub-National Population Projections. This shows considerable variation at the regional level. This, along with the economic participation rates, combine to produce substantial variation in the labour force forecasts for different regions.
- 7.18 Commuting flows are used to derive the available labour force for a region. In the case of the South East, these flows lead to a substantial difference between the resident employment and the workplace based employment.
- 7.19 In parallel, labour demand (in terms of workforce jobs) is estimated. This is done by industry sector by linking job growth in a local area to growth in the same industry at the regional level and then constraining demand for jobs by industry to demand for jobs for the same industry at the regional level.

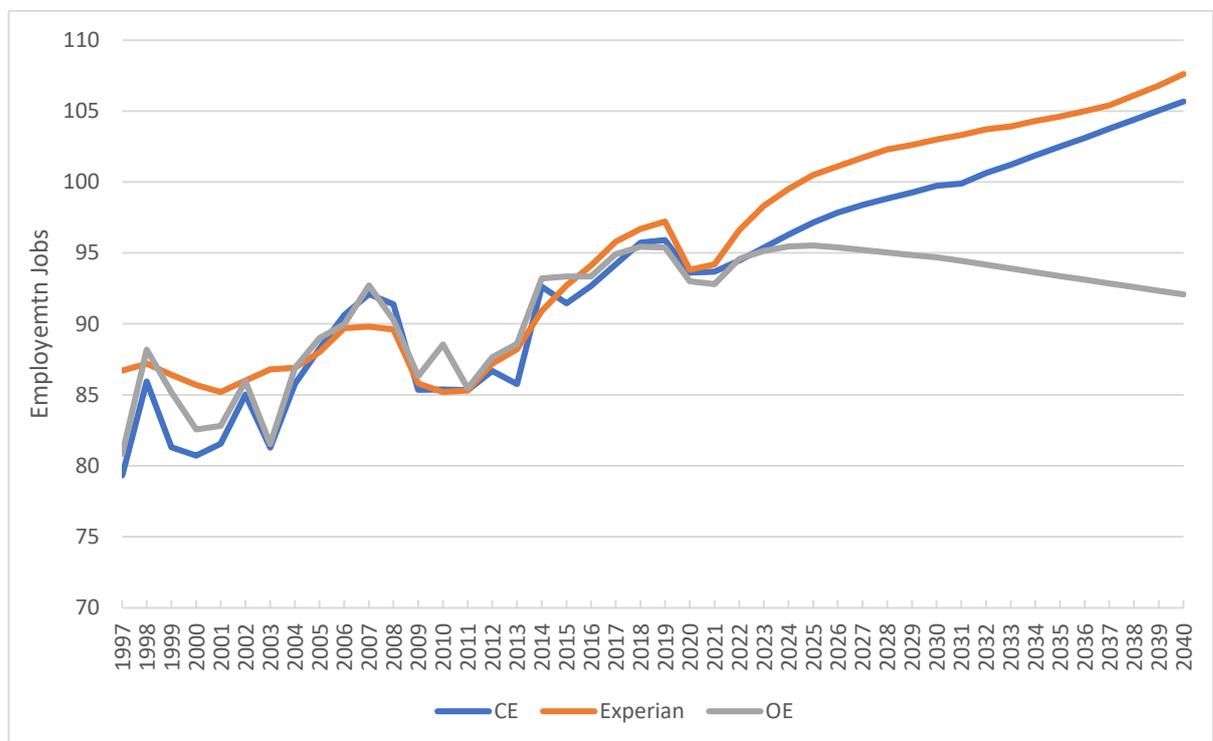
- 7.20 The Experian forecast constructs workforce jobs series for each local area using BRES/ABI data to disaggregate estimates for each industry sector. This is determined by the BRES share for a particular industry in a local area relative to the share in its parent region, which is then used to disaggregate the regional workforce jobs series for that industry to a local level.
- 7.21 The effect of this is:
- Demand for jobs at the local level is greatest / grows faster in those industries which are performing best at the regional level.
  - Total demand for jobs at the local level depends on its industrial structure. Those local areas which have a more than proportionate share of the best performing industries will perform best overall.
- 7.22 The supply and demand for labour is then resolved by considering:
- The historic ratio between resident employment and workplace based employment in that local area
  - The inflow and outflow of workers across regional boundaries
  - Historic commuting patterns.
- 7.23 This is then converted back into jobs and used to produce final workforce jobs estimates for each local area.
- b) Comparison of Forecasts for Telford & Wrekin**
- 7.24 Due to the differing methodologies and input assumptions, there are considerable differences between the forecasting outputs for Telford & Wrekin. These are set out below. This sectoral analysis from here on will primarily focus on sectors which will impact on the quantum of employment floorspace and land required.
- 7.25 The total level of employment in Telford & Wrekin, as shown in the three forecasts, is shown below:
- CE shows a job growth for the period 2020-40 of 12,130 jobs;
  - Experian shows a growth of 13,900 jobs; and
  - OE shows a net loss of 770 jobs over this period.
- 7.26 However, from 2020 the three forecasts show very different future prospects for Telford & Wrekin. All forecasts show a significant decrease between 2019 and 2020:
- CE shows a decrease of 2,300 jobs (-2.4%) from 95,900 jobs in 2019 to 93,600 jobs in 2020.
  - Experian shows a decrease of 3,400 jobs (-3.5%) from 97,200 jobs in 2019 to 93,800 jobs in 2020.
  - OE shows a decrease of 2,400 jobs (-2.5%) from 95,400 jobs in 2019 to 93,000 jobs in 2020.
- 7.27 It should be noted that these figures differ from the employment data shown in the latest BRES data which showed a total of 88,200 jobs in 2018. The three forecasts draw upon the BRES data as the major source data to inform their employee jobs, but also include self-employed jobs drawn from the Labour Force Survey (LFS) which means the historic job figures shown in the three forecasts are slightly higher than the BRES figures.
- 7.28 The future jobs growth shown in the forecasts can be analysed over two period –
- The short-term (2020-2025) – the next five-year period which shows how Telford &

Wrekin’s economy can be expected to recover from COVID-19, lockdown, and the subsequent recessionary period.

- The longer-term (2025-40) – the forecasts show longer term prospects which can be quite different than the short-term post-COVID recovery period.

7.29 Generally, the three forecasts are fairly consistent with regards to past trends in employment numbers, with the main discrepancies due to the Experian data smoothing the data. However, looking forward, the CE and Experian forecasts show broadly similar levels of growth, particularly in the period from 2025-40. The OE forecast stands in contrast to the other forecasts insofar as it shows negative growth over the period 2020-40. This is due to the forecast’s longer-terms trend, rather than the short-term impacts of COVID.

**Figure 29. Total Employment Jobs, 1997-2040**



7.30 The shorter-term trends (2015-26) are shown in Figure 30. This shows employment in Telford & Wrekin has dropped significantly between 2019-20, and then with recovery and a return to growth starting in 2021.

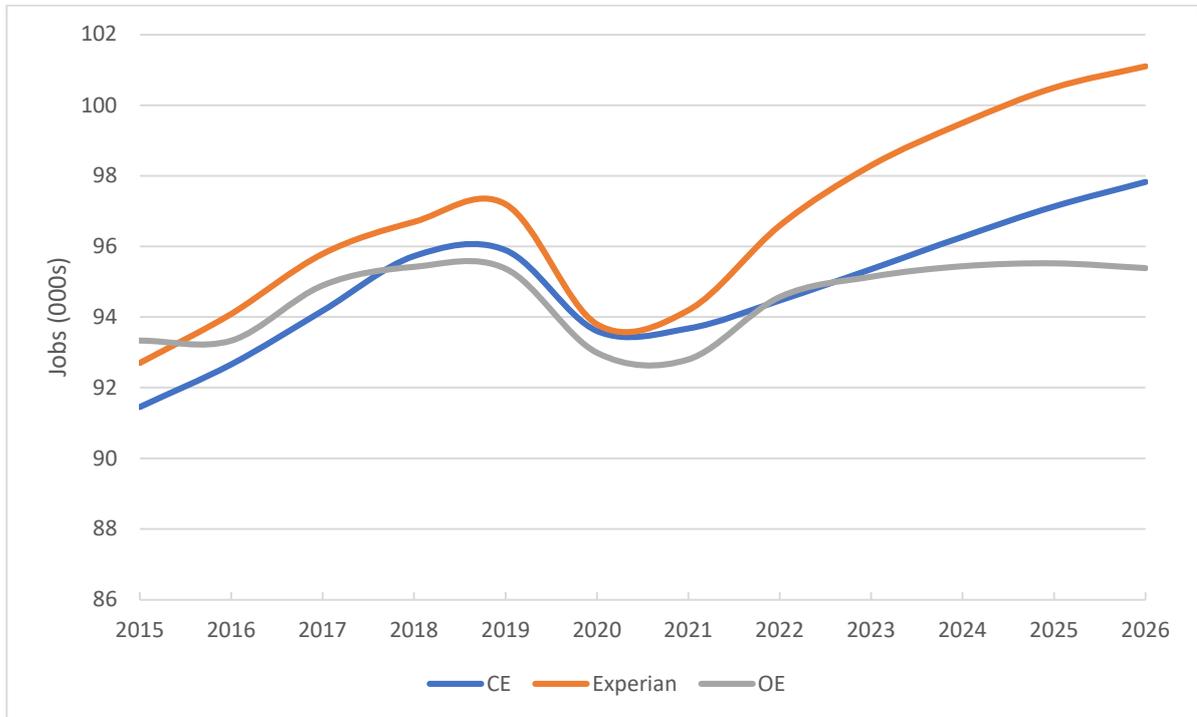
7.31 The main difference between the forecasts in the short-term is the strength of the post-COVID bounce. This is most clearly seen in the Experian forecast which shows a significant bounce in the jobs growth rate in the years from 2022-25 as pent up consumer demand for products and services, which was effectively delayed due to COVID, drives a surge in growth in a number of sectors. This shows the number of jobs returning to pre-COVID levels by 2023. In the years following 2023 the growth in the Experian forecast returns to a slower rate more reflecting the longer-term trends.

7.32 Conversely, the CE forecast does not show any significant bounce, but shows a fairly consistent growth rate throughout the whole period from 2020-40 indicative of the economy returning to normal levels of growth by 2022 but this is not accompanied by a significant increase in overall jobs growth.

7.33 The OE forecast shows a short-term bounce which initially shows a return to growth, albeit

the impact of this is considerably smaller than that shown in the Experian forecast and by 2025 total jobs in Telford & Wrekin are forecast to return to pre-COVID levels. However, post-2025 the OE forecast shows a negative growth rate and a steady decline to 2040.

**Figure 30. Total Employment Jobs, 2015-2026**



7.34 The table below shows the forecast annual average growth rates for each forecast for each five-year period from 2020-40. All forecasts show a bounce expected in the first period 2020-25 compared to the lower growth rates in the remaining periods, which are all more consistent. This shows that from 2025 onwards the CE and Experian forecasts both show a very similar rate of growth. The difference between these two forecasts – in terms of overall jobs growth, is principally due to the post-COVID bounce. Conversely, the OE forecast is very different to the other two forecast and shows negative growth for all years post-2025.

**Table 23. Forecast Growth by Five-Year Periods**

	2020-25		2025-30		2030-35		2035-40	
	Growth	CAGR	Growth	CAGR	Growth	CAGR	Growth	CAGR
CE	3,500	0.7%	2,600	0.5%	2,800	0.5%	3,200	0.6%
Experian	6,700	1.4%	2,500	0.5%	1,600	0.3%	3,000	0.6%
OE	2,500	0.5%	-800	-0.2%	-1,300	-0.3%	-1,300	-0.3%

7.35 Table 24 sets out the jobs growth in each broad sector shown in each forecast. As a general observation, for the majority of sectors the OE forecast is more negative than the other forecasts, with Manufacturing in particular being considerably more negative. However, some sectors where the differences between the forecasts are large enough to warrant further analysis to consider the reasons for the discrepancies. These are set out below.

**Table 24. Jobs Growth by Broad Sector, 2020-40**

	<b>CE</b>	<b>Experian</b>	<b>OE</b>
Agriculture, Forestry & Fishing	-20	-500	-70
Extraction & Mining	-40	0	-40
Manufacturing	-700	-1,300	-5,000
Utilities	-30	100	-200
Construction	400	500	200
Wholesale & Retail	20	1,700	-500
Transport & storage	800	1,300	-60
Accommodation, Food Services & Recreation	2,700	800	300
Information & communication	1,800	1,200	500
Financial, Professional & Business Services	3,600	6,000	3,700
Public Services	3,600	4,100	400
<b>Total</b>	<b>12,130</b>	<b>13,900</b>	<b>-770</b>

- 7.36 Agriculture, forestry and fishing – Since the last economic recession in 2008 jobs in the sector in Telford & Wrekin have remained fairly constant – as reflected in all three forecasts over this period. However, from 2020 onwards the Experian forecast shows a sudden strong year on year decline resulting in a loss of 500 jobs in the sector by 2040. The CE and OE forecasts broadly reflect the trend since 2008 and appear more reasonable estimates of future growth prospects.
- 7.37 Manufacturing – All three forecasts show a decline in Manufacturing jobs although the OE forecast shows much sharper decline of 5,000 net losses compared to 1,300 and 700 in the other forecasts. However, since the last recession in 2008 the Experian and OE forecasts show a growth in the number of Manufacturing jobs in Telford & Wrekin while the CE forecast shows a small decline. The wider economic analysis, stakeholder engagement, and the Marches Local Industrial Strategy suggest that this recent trend may be more indicative of future prospects for the sector. This is considered in more detail below.
- 7.38 Wholesale and retail trade – The forecasts show very varied prospects for this sector – The Experian forecast shows a growth of 1,700 jobs in the sector while the CE forecast shows zero growth and the OE forecast shows a loss of 500 jobs. This is strongly influenced by the assumed post-COVID bounce with Experian showing a growth of 1,300 jobs in the sector by 2025, OE shows a growth of 600 jobs, and CE shows no bounce with a loss of 200 jobs. Longer-term from 2025-40 the CE and Experian forecasts show similar jobs growth 200 vs 400, which is broadly in line with the recent trends in Telford & Wrekin, while OE forecasts a loss of 1,200 jobs. Overall, the CE and Experian forecasts both look reasonable with the difference depending on the scale of the post-COVID bounce.
- 7.39 Accommodation, food and recreation services – The forecasts show a wide range of growth for this sector with OE the lowest at 300 jobs – entirely due to a post-COVID bounce; Experian shows 800 jobs growth due to a reasonable bounce and incremental growth thereafter; and the CE forecast shows a growth of 2,700 jobs reflecting strong and sustained growth in the sector. Taking account of past trends and wider market indicators and stakeholder feedback, the Experian and OE forecasts look to be reasonable. However, the CE forecast for this sector looks unrealistically high.
- 7.40 Financial, professional & business services – The CE and OE forecasts show similar rates of growth of around 3,600 jobs by 2020 while Experian shows a higher growth of 6,000 jobs. The CE and OE growth represents annual growth rates of 0.7% per annum while for Experian this is 1.2% per annum. However, this is considerably lower than past trends – growth in the 2011-20 period was around 4.0% for the sector. The wider market indicators and stakeholder

feedback suggest that the sector was less negatively impacted by COVID than other sectors and forecast future growth is less reliant on a post-COVID bounce than other sectors. The analysis suggests that COVID is more likely to impact on remote working patterns which is likely to have more impact on employment land requirements rather than on jobs growth. Therefore the growth shown in the Experian forecast looks reasonable for the sector.

- 7.41 Overall, the analysis suggests that the Experian and CE forecasts provide reasonable forecasts of jobs growth for Telford & Wrekin over the plan period. These forecasts show similar overall levels of growth to 2040, with the difference being primarily due to Experian expecting a greater post-COVID bounce for a number of sectors. However, COVID is a largely unprecedented event and so the scale of bounce is very difficult to predict. The emerging national economic indicators already show signs of a significant bounce over the most recent months (from April-July 2020). For further analysis see Section 8.
- 7.42 The latest evidence therefore supports an economic bounce, however the scale of this is largely unknown at this point in time and could, for example, be dampened by a second wave. However, in this context planning for a bounce would ensure that economic recovery will not be limited by planning policies and should therefore be the recommended approach.
- 7.43 The sectors which have the largest differences between the forecasts are the Accommodation and food services sector and the Financial, professional & business services sector. Tables 25 and 26 show the recent past trends for these sectors in Telford & Wrekin since 2009 and compare these to the forecast future growth rates in each of the forecasts<sup>3</sup>.
- 7.44 This shows the CE forecast shows a much higher level of growth in the Accommodation and food services sector over the plan period (3.3% growth per annum) compared against past losses in the sector. These losses reflect the significant impact that COVID has had on the sector. The Impacts of COVID are set out further in Section 8, but the findings shows that this sector has been one of the hardest hit and is at highest risk of further jobs losses and lower rates of growth should there be, for example, a second wave leading to increased restrictions or a dampened post-COVID economic bounce. The stakeholder interviews also highlighted significant concerns over the current and future prospects of the sector, it was expected that the sector would likely have higher rates of businesses ceasing trading, due in part to the higher proportions of micro-businesses in the sector. This analysis suggests that the more modest growth for this sector shown in the Experian forecast is more reasonable.

**Table 25. Accommodation and Food Services Sector Growth Trend**

	Average Annual Growth 2011-20	Average Annual Growth 2020-2040
CE	-1.6%	3.3%
Experian	0.0%	0.7%

- 7.45 For the Financial, professional & business services sector, the Experian forecast shows more positive growth than the CE forecast. However, as shown in Table 26, the growth shown in the Experian forecast is still notably below the growth rate seen in the sector since 2011, with the CE forecast lower still. This sector has seen particularly strong growth nationally over recent years and this has been reflected in Telford & Wrekin, and is expected, at a national scale, to continue to see significant continued growth which is reflected in the forecasts for Telford & Wrekin. There are a number of sub-sectors within this sector which are performing particularly well in Telford & Wrekin – Insurance, reinsurance and pension funding and

<sup>3</sup> Note that the past trends differ between the forecasts due to their differing methodologies of how they calculate past jobs. The difference between the forecasts is particularly large in the Accommodation and food services sector due to the high number of self-employed and temporary jobs in this sector.

employment activities. In addition this sector covers many business support services which support growth in a wide range of other sectors and therefore would be expected to grow in areas with strong growth in other sectors.

- 7.46 However, given the current economic climate, and in particular the impacts of Brexit and COVID-19 (see Section 8), it is reasonable to expect the rate of future growth in this sector to be slightly lower than the very high rates seen since 2011. Considerations of Brexit and COVID-19 have been factored into both the CE and the Experian forecasting methodology, and so this is reflected in the forecasts. Overall, the Experian forecast shows a slightly more positive growth rate for this sector which given the wider analysis looks to provide a positive yet realistic basis for planning for future economic growth.

**Table 26. Financial, Professional & Business Services Sector Growth Trend**

	Average Annual Growth 2011-20	Average Annual Growth 2020-2040
CE	3.8%	0.7%
Experian	3.2%	1.2%

- 7.47 Taking all of the analysis set out above into account, and drawing on analysis throughout the various other sections of this report, the Experian forecast is considered to provide the most positive yet realistic basis for planning for future economic growth in Telford & Wrekin compared to the other forecasts.
- 7.48 However, in accordance with PPG, assessments of future economic growth should take account of LEP Local Industrial Strategies (LIS). The extent to which the Experian forecast aligns with the Marches LIS is considered below.

**c) Assessment of Growth Sectors**

- 7.49 This section provides a detailed assessment of the growth sectors identified in the Marches LEP’s Local Industrial Strategy. It provides an assessment of recent trends in these sectors and the extent to which the growth sectors are accounted for in the Experian jobs growth forecast.
- 7.50 As set out above, the Experian forecast estimates local jobs in each sector by linking job growth in a local area to growth in the same industry at the regional level and then constraining demand for jobs by industry to demand for jobs for the same industry at the regional level. However, this top-down approach has the potential to constrain forecast local growth in a borough based on the forecast growth in that sector at a regional scale. This could potentially override local growth drivers in a local economy and does not take account of sub-regional drivers such as those set out in LEP LIS’s. This section therefore provides an assessment of the growth sectors identified in the LIS.

**i) Advanced Manufacturing and Engineering**

- 7.51 The Advanced manufacturing and engineering sector is identified as one of the key growth sectors for the LEP. The LEP identifies this as comprising the following sub-sectors:
- Manufacture of vehicles and parts
  - Manufacture of plastics
  - Manufacture of metal
  - Manufacture of machinery and tools
  - Technical testing and analysis

- 7.52 The table below provides a location quotient analysis of the proportion of the Advanced manufacturing and engineering sub-sectors in the Telford & Wrekin economy compared to

other areas – the Marches LEP, England, and the West Midlands. In this analysis a location quotient of 1.00 indicates that the proportion of jobs in that sub-sector in Telford & Wrekin is the same as the comparator area. A location quotient of greater than 1.00 indicates a relative strength of the sub-sector in Telford & Wrekin. Conversely, a value of less than 1.00 indicates a relative weakness.

- 7.53 The data highlights the strength of the advanced manufacturing sector in Telford & Wrekin. For some sub-sectors the proportion of jobs in Telford & Wrekin is more than 3 or 4 times the national rate. Telford & Wrekin performs well even compared to the Marches and the West Midlands, which themselves have higher than average rates for these industries. Conversely, engineering stands out as the only sub-sector which is weaker than the national average.

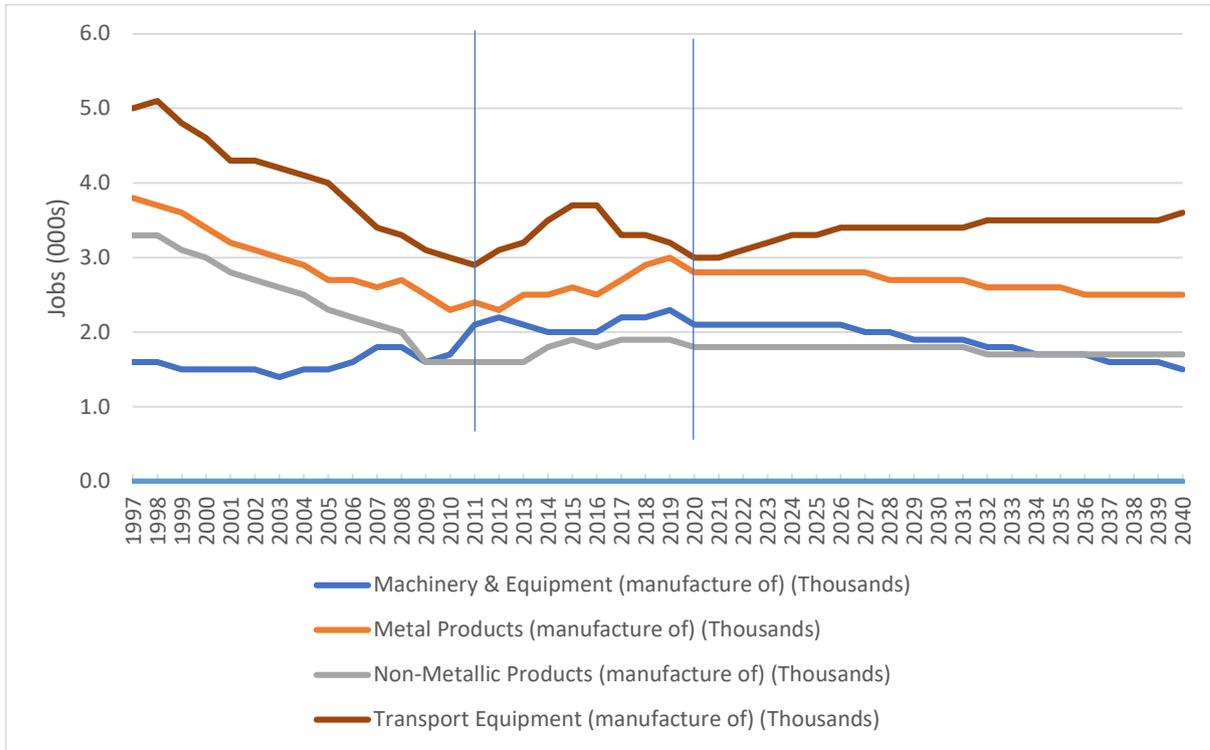
**Table 27. Advanced Manufacturing and Engineering Location Quotient**

	LQ vs LEP	LQ vs England	LQ vs West Midlands
Manufacture of rubber and plastic products	1.53	3.91	2.95
Manufacture of fabricated metal products	1.47	2.39	1.16
Manufacture of machinery and equipment	1.82	3.67	1.90
Manufacture of motor vehicles, trailers	2.34	4.54	1.27
Manufacture of other transport equipment	2.10	1.70	2.60
Technical testing and analysis	2.68	3.86	3.80
Engineering	1.31	0.91	1.05

Source: BRES, 2018

- 7.54 Figure 31 shows how jobs in the advanced manufacturing sub-sectors have changed over time and how they are forecast to change in the Experian forecast. Note that Experian groups some of the sub-sectors have been grouped together.
- 7.55 This highlights the change in performance over time, with the long-term decline seen throughout the period up to 2011. Since 2011 this trend has changed and there has been growth in each of the sub-sectors. However, the Experian forecast shows from 2020 onwards this trend is set to revert back to decline for 3 of the 4 sub-sectors – only Manufacture of transport equipment is forecast future growth.

**Figure 31. Advanced Manufacturing Jobs Trend and Forecast**



Source: Experian

7.56 The table below shows the average annual growth rates of each sub-sector for the recent past (2011-20) and the forecast for the plan period (2020-40). This shows the forecast growth rates are considerably more negative than recent trends for three of the four sub-sectors.

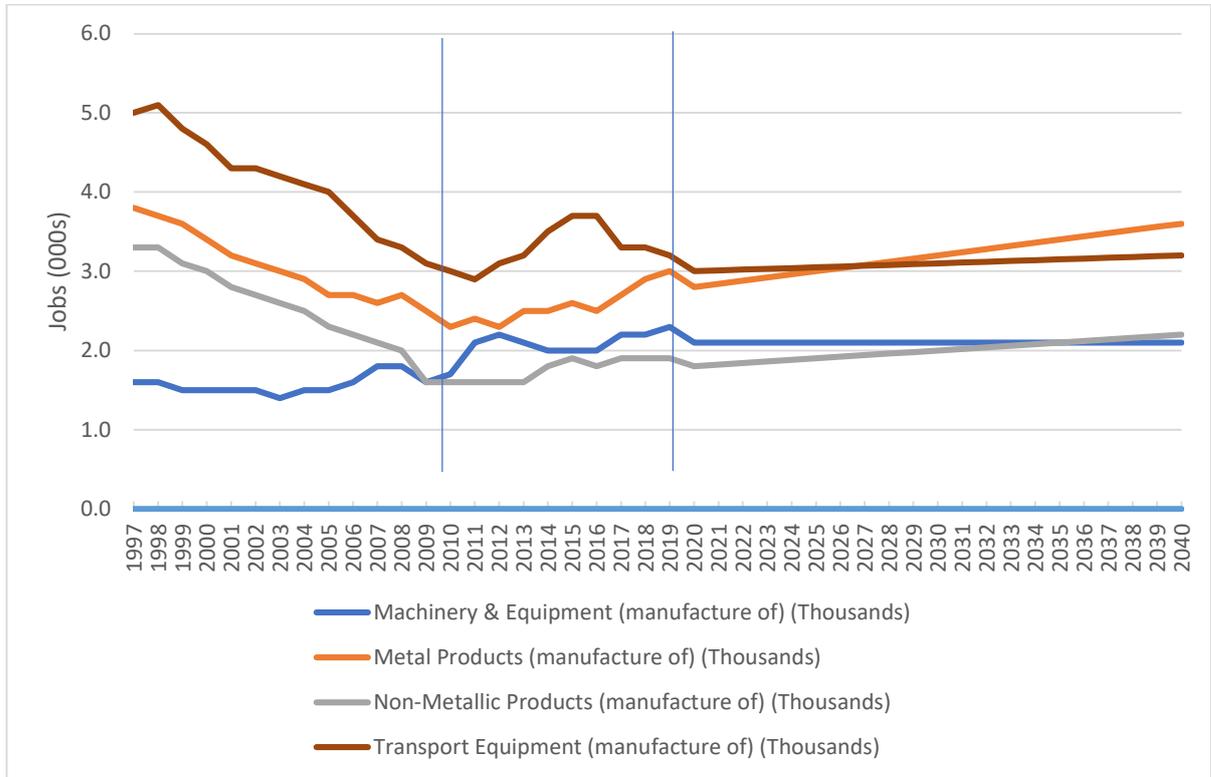
**Table 28. Comparison of Growth Rates in Telford & Wrekin – Recent Trend vs Forecast**

	2011-20	2020-40
<b>Machinery &amp; Equipment (manufacture of)</b>	0.00%	-1.67%
<b>Metal Products (manufacture of)</b>	1.73%	-0.57%
<b>Non-Metallic Products (manufacture of)</b>	1.32%	-0.29%
<b>Transport Equipment (manufacture of)</b>	0.38%	0.92%

7.57 The Experian forecast therefore does not appear to reflect the LEP’s LIS to support continued growth in these sectors, and indeed suggests that future performance will be notably worse than see over recent years. This does not accord with the LIS or the wider economic indicators and stakeholder engagement undertaken as part of this study.

7.58 We have therefore considered the implications of continuing the growth rate seen in these sub-sectors over the 2011-20 to cover the plan period 2020-40. This is shown in Figure 32. This results in the number of jobs in the Advanced manufacturing sub-sectors increasing from 9,700 in 2020 to 11,500 in 2040 – an increase of 1,800 jobs. This compares against the Experian forecast which shows jobs in the sub-sector decreasing by 400 to 9,300 by 2040.

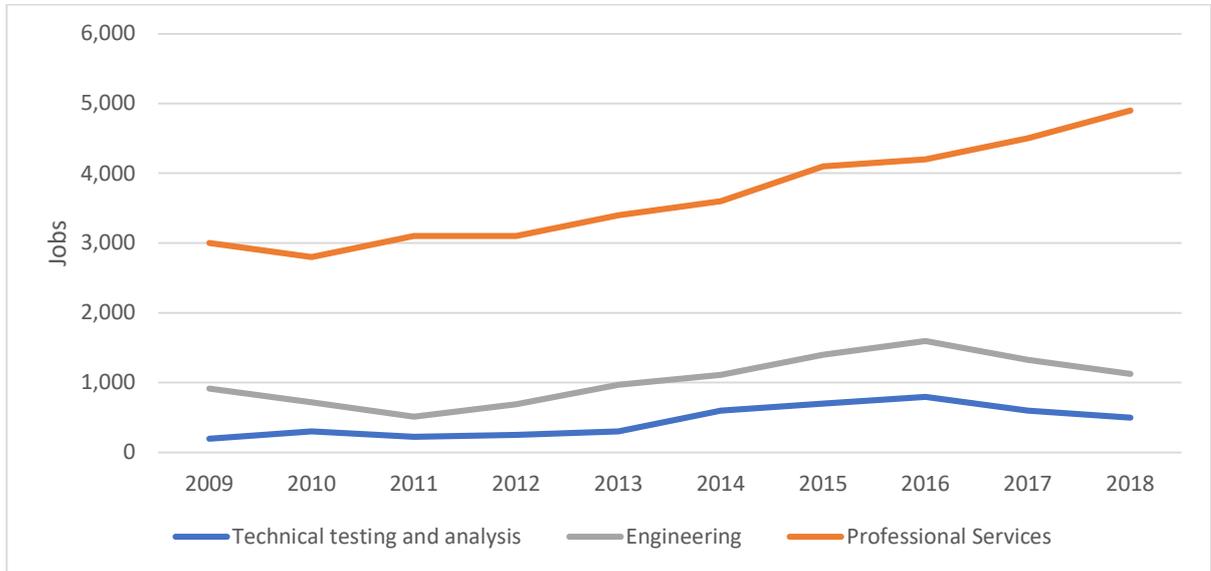
**Figure 32. Advanced Manufacturing Forecast Based on 2011-20 Growth Rates**



**ii) Technical Testing and Analysis**

- 7.59 Technical testing and analysis sub-sector is part of Engineering sub-sector, which is part of Professional services sector. As set out in Table 28 above, Telford & Wrekin has a high representation of jobs in the Technical testing and analysis sub-sector, but not in the wider Engineering sector, compared to national rates.
- 7.60 The past trend in Technical testing and analysis, Engineering, and Professional Services jobs growth in Telford & Wrekin is shown in Figure 33. This shows that since 2011 the Technical testing and analysis sub-sector has grown by 300 jobs which is more than the Engineering sector it sits within which has grown by 210 jobs. In other words, without the growth in Technical testing and analysis, the Engineering sector would have lost 90 jobs.

**Figure 33. Telford & Wrekin Sub-Sector Performance**



Source: BRES

**Table 29. Recent Growth Trend in Telford & Wrekin**

Sub-Sector	Jobs Growth 2011-18
Technical testing and analysis	300
Engineering	210
Professional Services	1,800

Source: BRES

7.61 Meanwhile, the Professional service sector, which both of the sub-sectors sit within has grown by 1,800 jobs over this period – a much higher rate of growth. The growth in the Technical testing and analysis sub-sector constitutes 16.7% of all growth in the Professional services sector, but clearly there are other stronger drivers of growth.

**Table 30. Forecast Growth in Telford & Wrekin**

Sub-Sector	Jobs Growth 2020-40
Professional Services	1,200

Source: Experian

7.62 The Experian forecast shows a forecast growth of 1,200 jobs in the Professional services sector by 2040. Assuming a proportional level of growth amongst the sub-sectors, this would mean 200 additional jobs in Technical testing and analysis. This would appear reasonably representative of past growth rates in the sub-sector in Telford & Wrekin.

7.63 This suggests that growth in the Technical testing and analysis sub-sector is already reasonably accounted for in the Experian forecast and no further adjustment is needed to reflect the LIS.

iii) **Defence and Security**

- 7.64 The LEP identifies this as comprising the following sub-sectors:
- Security services
  - Cyber security
  - Manufacture of military vehicles and parts
- 7.65 Manufacture of military vehicles and parts is a sub-sector of Advanced manufacturing considered in the analysis above. The other sub-sectors are considered in the data below.
- 7.66 The location quotient analysis shows a relative strength in Defence activities which is part of the Public administration and defence sector. Although Telford & Wrekin’s representation in the sub-sector is higher than regional and national rates, it is actually lower than LEP average.
- 7.67 The location quotient analysis shows a strength in Computer consultancy activities, and Other information technology and computer service activities sub-sectors which are part of Computer programming, consultancy and related activities. These subsectors relate to the cyber security specialism but also supports a number of sectors identified in the stakeholder engagement – for example businesses facilitating automation relating to manufacturing processes, of food growing and preparation, and data analytics.
- 7.68 Conversely, the data also shows that more traditional security activities are well represented in the Telford & Wrekin economy.

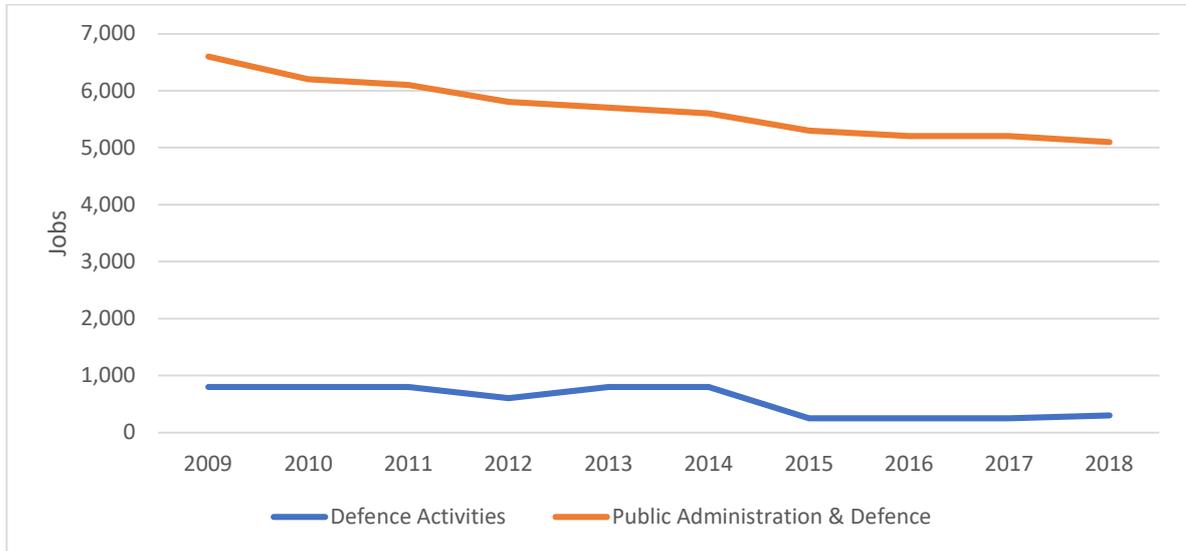
**Table 31. Security Services and Cyber Security Location Quotient, Telford & Wrekin**

Sub-Sector	LQ vs LEP	LQ vs England	LQ vs West Midlands
Defence activities	0.90	2.10	3.64
Computer consultancy activities	2.14	1.68	2.43
Other information technology and computer service activities	2.31	2.29	2.73
Private security activities	0.93	0.34	0.55
Security systems service activities	0.00	0.00	0.00

Source: BRES, 2018

- 7.69 Recent trends show Telford & Wrekin has seen a decline in employment for both Defence activities (-500 jobs; -13.1% per annum) and Public administration and defence (-1,000 jobs; -2.5% per annum). Looking forward, the Experian forecast for shows a continued decline of -200 jobs by 2040, representing a slower decline than recent trends – in other words the forecast is already more positive than the recent performance has been. The analysis does not suggest an adjustment is warranted to support further growth in Defence jobs.

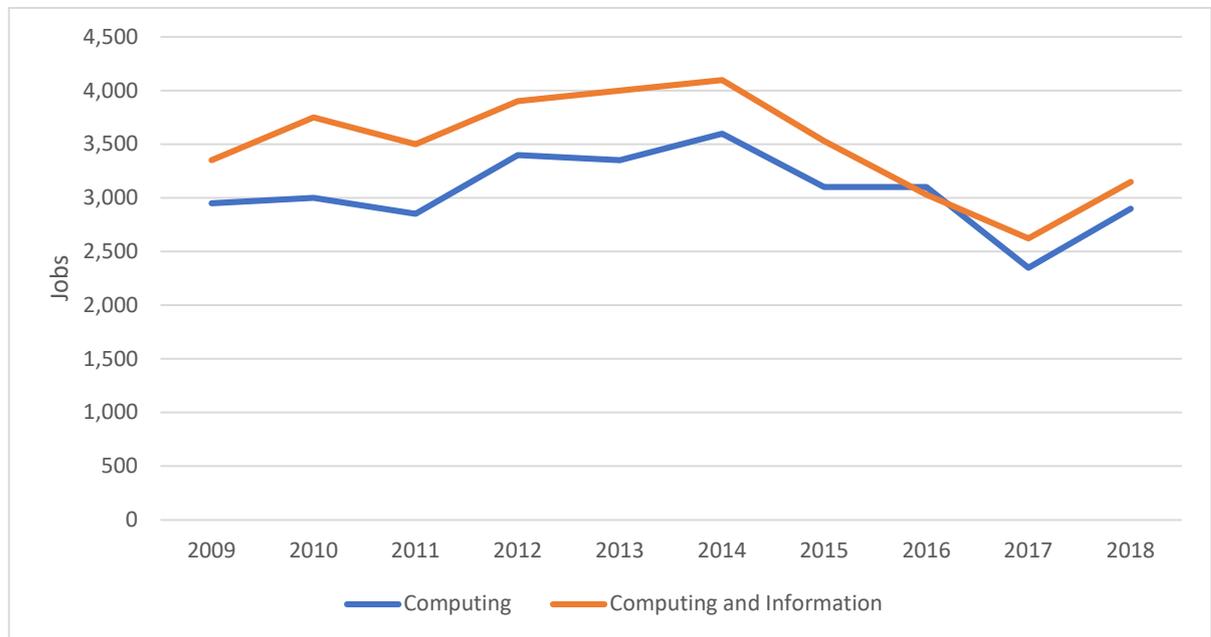
**Figure 34. Recent Jobs Growth Trends for Defence – Telford & Wrekin**



Source: BRES, 2018

7.70 In Telford & Wrekin the Cyber security and related jobs in the Computing and information services sector have both seen growth from 2009-14 and then decline from 2014-18. Overall, since 2009 the number of jobs has remained broadly stable.

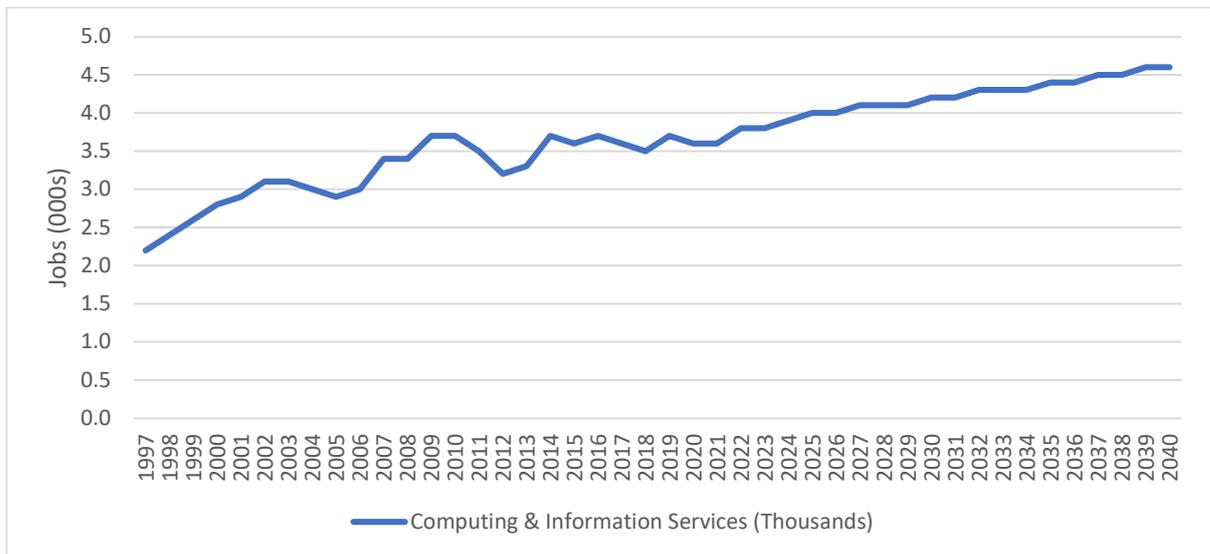
**Figure 35. Recent Growth Trend for Computing and Information in Telford & Wrekin**



Source: BRES

7.71 However, the Experian forecast shows jobs growth for the Computing and information services sector of 1.23% per annum for the period 2020-40. This is equivalent to a growth of around 1,000 jobs. This forecast growth is more representative of long-term growth rates in Telford & Wrekin. Given that this is a growth sector identified by the LEP and stakeholder engagement this rate of growth seems reasonable, and the recent trend data suggests that there is no justification for an adjustment.

**Figure 36. Forecast jobs in Telford & Wrekin**



Source: Experian

**iv) Environmental Technology**

7.72 The LEP identifies this as comprising the following sub-sectors:

- Water supply and treatment
- Environmental consulting
- Manufacture of plastics
- Manufacture of metal
- Manufacture of machinery and tools
- Technical testing and analysis

7.73 The manufacturing and technical testing sub-sectors are considered above.

7.74 The location quotient analysis shows the Water supply and treatment and Environmental consulting sub-sectors are not strongly represented in Telford & Wrekin, with this particular specialism for this sector in Shropshire. This is backed up by the analysis of the stakeholder engagement. There is no justification for a further uplift to this sector in Telford & Wrekin.

**Table 32. Telford & Wrekin Sub-Sectors Location Quotient**

Sub-Sector	LQ vs LEP	LQ vs Eng	LQ vs WM
Water collection, treatment and supply	0.15	0.29	0.18
Environmental consulting activities	0.16	0.15	0.34

Source: BRES

**v) Food Manufacturing and Processing**

7.75 The LEP identifies this as comprising the following sub-sectors:

- Manufacture of food
- Manufacture of drink

7.76 The location quotient analysis shows a strength in the Manufacture of food products compared to both regional and national rates. However, both the other authorities in the Marches LEP have higher representation in both sub-sectors, reflecting their more

agricultural nature.

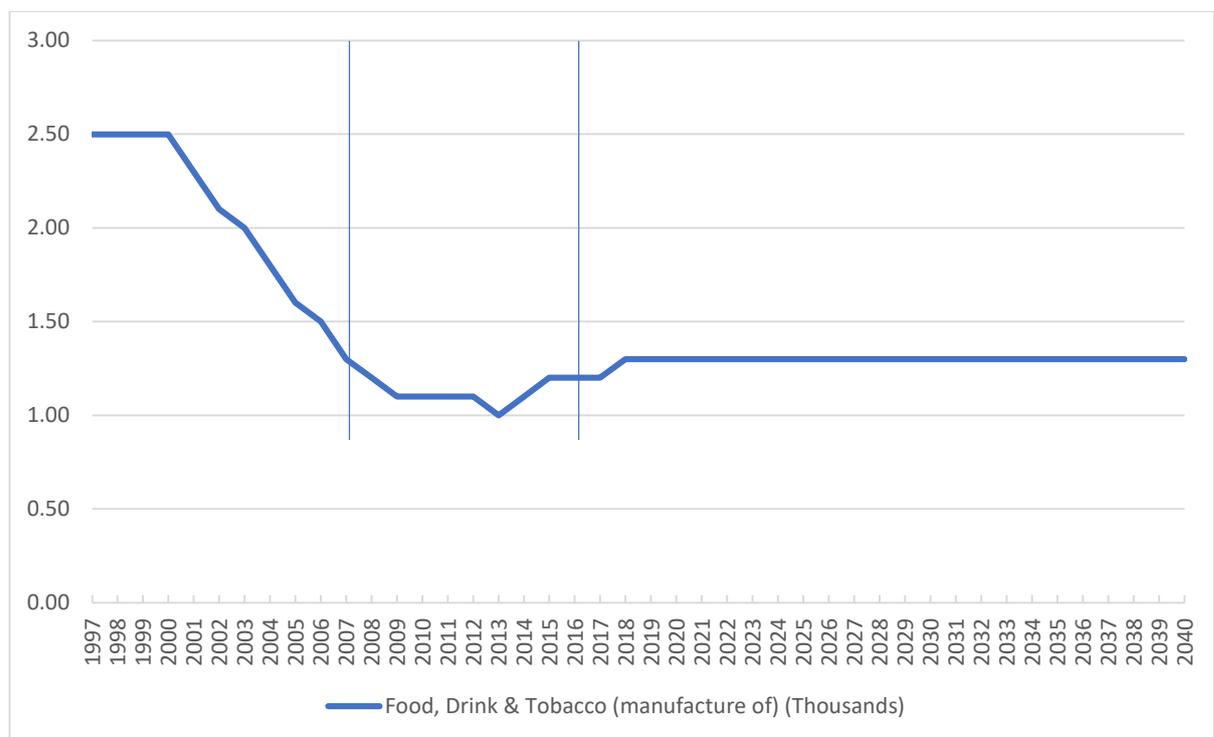
**Table 33. Food and Drink Manufacturing Location Quotient, Telford & Wrekin**

Sub-Sector	LQ vs LEP	LQ vs Eng	LQ vs WM
Manufacture of food products	0.67	1.50	1.63
Manufacture of beverages	0.02	0.05	0.03

7.77 The Experian forecast shows growth in the sub-sector over the period 2011-20, but forecasts zero growth over the period 2020-40.

- 2011-20: growth of 200 jobs; 1.87% per annum
- 2020-40: zero growth

**Figure 37. Manufacture of Food and Drink, Telford & Wrekin**

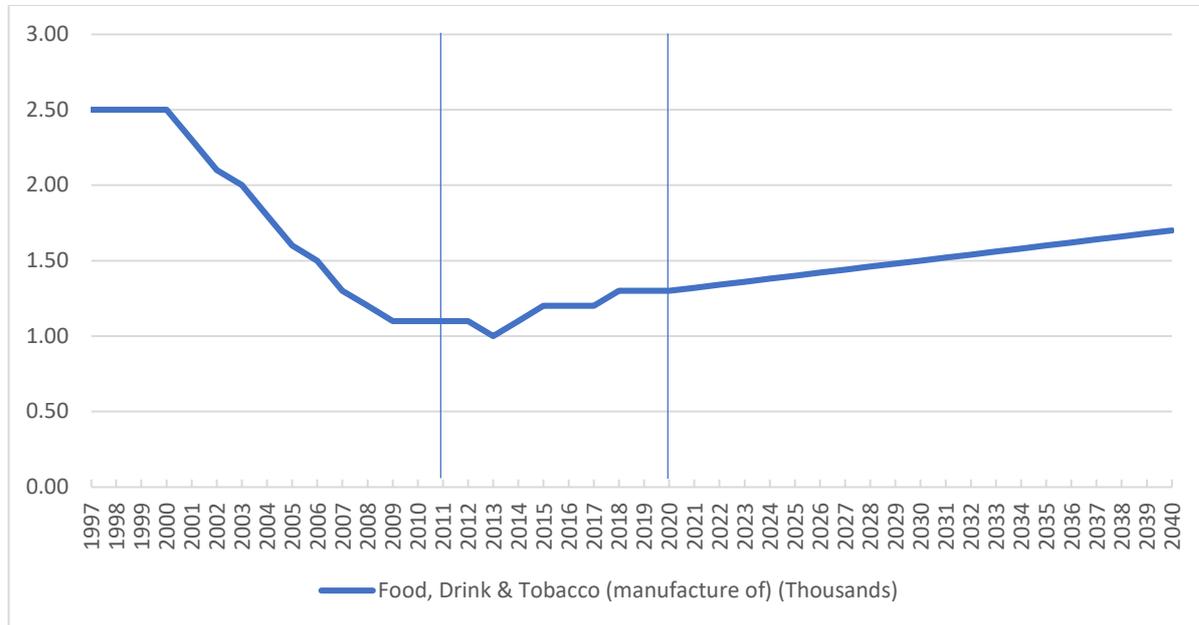


Source: Experian

7.78 The Experian forecast therefore does not appear to reflect the LEP’s LIS to support continued growth in this sector, and indeed suggests that future performance will be worse than see over recent years. This does not accord with the LIS or the wider economic indicators and stakeholder engagement undertaken as part of this study.

7.79 We have therefore considered the implications of continuing the growth rate seen in these sub-sectors over the 2011-20 to cover the plan period 2020-40. This is shown in Figure 38. This results in a forecast growth of 400 jobs over the period 2020-40. Employment in the sector increases from 1,300 to 1,700. This compares to zero growth in the Experian forecast.

**Figure 38. Manufacture of Food and Drink, Forecast based on 2011-20 Growth Trend**



Source: Experian

**vi) Agricultural Sector**

7.80 As set out in the previous section the Experian forecast shows a significant loss of jobs in the Agriculture, Forestry & Fishing sector not shown in the other two forecasts. This does not seem to be supported by either the long-term or short-term trends in the sector in Telford & Wrekin which have been broadly steady with very small jobs losses per annum. Further to the discussions with stakeholders suggests that while the operational nature of the sector is changing, this is having an impact on the type of jobs required more than the number of jobs required. Furthermore the presence of Harper Adams University was cited as a driver for growth in Telford & Wrekin. Therefore, the Experian forecast for this sector looks to be too negative, with the CE forecast appearing more reasonable for this sector.

**d) Economic Growth Scenario**

7.81 This section provides a detailed assessment of the growth sectors identified in the LIS. The growth sectors are identified by the LEP as being of particular importance to the Marches' economy and are sectors which have performed strongly in recent years, are expected to continue to deliver jobs and productivity growth, and are supported by a range of business development and support initiatives.

7.82 This analysis has identified a number of LIS growth sectors where the Experian forecast shows considerably worse future economic performance in Telford & Wrekin than has been seen in the recent past. This could simply be a result of the forecasting methodology which takes a top-down approach which may not adequately take account of local circumstances.

7.83 The analysis of the LIS Growth Sectors in the previous section has been used to create an Economic Growth Scenario. This is based on the Experian forecast, as this is considered to provide the most reasonable forecast for planning for future jobs growth in Telford & Wrekin. However, adjustments have been made to the following sectors to reflect jobs growth in these sectors in Telford & Wrekin since 2011:

- Advanced manufacturing:
  - Manufacture of Machinery & Equipment
  - Manufacture of Metal Products
  - Manufacture of Non-Metallic Products
- Manufacture of Food and Drink

7.84 In addition, the Agriculture, forestry and fishing sector is based on the CE forecast rather than the Experian forecast.

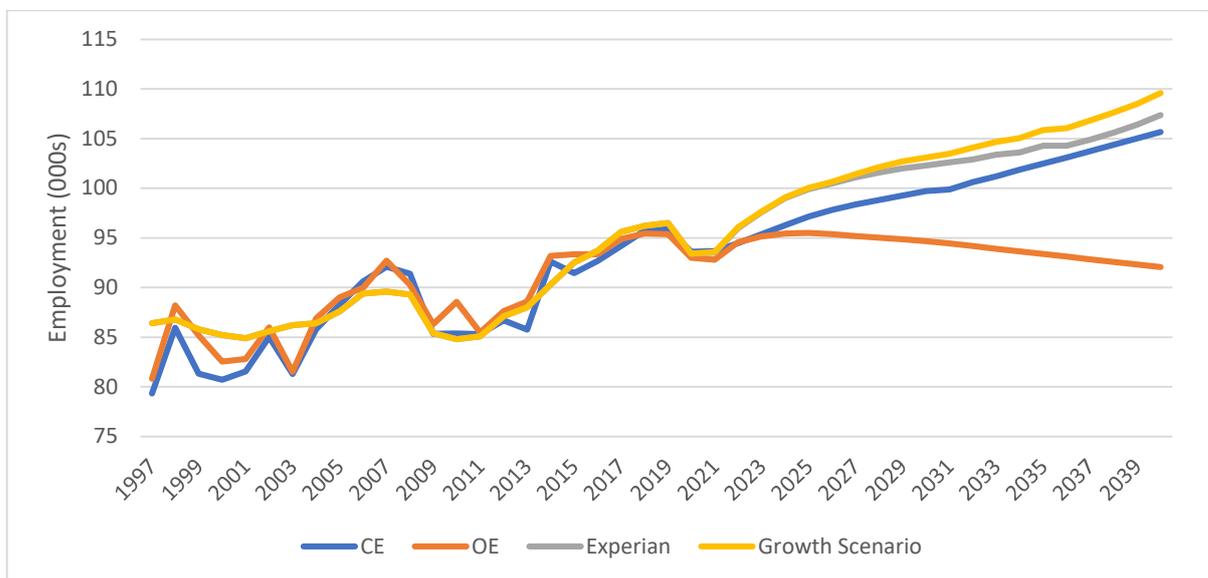
7.85 This results in a Growth forecast which aligns with, and takes account of the LEP’s LIS. The Growth forecast shows a growth of 17,100 net additional jobs over the plan period 2020-40. This represents an annual growth of 853 jobs compared to 700 in the Experian forecast.

7.86 The Growth forecast shows an annual growth rate of 0.8% per annum compared to 0.7% in the Experian forecast. For comparison, the growth rate seen in Telford & Wrekin since the last ‘trough’ in 2011 is 1.0% per annum.

**Table 34. Comparison of Forecasts for Telford & Wrekin**

	Jobs Growth 2020-40	Annual Growth Rate 2020-40
<b>CE</b>	12,063	0.61%
<b>OE</b>	-923	-0.05%
<b>Experian</b>	13,900	0.70%
<b>Growth Forecast</b>	17,100	0.80%

**Figure 39. Comparison of Jobs Growth Forecasts**



**e) Summary**

7.87 This section provides an assessment of the future economic growth forecasts for Telford & Wrekin to 2040. The forecasts are assessed on an overall and sectoral basis to consider their suitability and robustness for planning purposes.

7.88 This section sets out the future employment growth identified by the econometric forecasts. Three econometric forecasts have been assessed:

- Cambridge Economics (CE) which shows a job growth of 12,130 jobs for the period 2020-40;

- Oxford Economics (OE) which shows a net loss of 770 jobs over this period; and
  - Experian which shows a growth of 13,900 jobs.
- 7.89 Overall, the analysis suggests that the Experian and CE forecasts provide reasonable forecasts of jobs growth for Telford & Wrekin over the plan period. These forecasts show similar overall levels of growth to 2040, with the difference being primarily due to Experian expecting a greater post-COVID bounce for a number of sectors. There are a number of sectoral differences between these two forecasts with the largest differences in the Financial, Professional & Business Services sector – which Experian shows higher growth – and the Accommodation and food services sector – which CE shows higher growth.
- 7.90 Taking all of the analysis set out above into account, and drawing on analysis throughout the various other sections of this report, the Experian forecast is considered to provide the most positive yet realistic basis for planning for future economic growth in Telford & Wrekin compared to the other forecasts.
- 7.91 However, in accordance with PPG, assessments of future economic growth should take account of LEP Local Industrial Strategies (LIS). The growth sectors are identified by the LEP as being of particular importance to the Marches’ economy and are sectors which have performed strongly in recent years, are expected to continue to deliver jobs and productivity growth, and are supported by a range of business development and support initiatives.
- 7.92 A Growth forecast has been developed based on the Experian forecast but with upward adjustments to the following LIS growth sectors:
- Advanced manufacturing:
    - Manufacture of Machinery & Equipment
    - Manufacture of Metal Products
    - Manufacture of Non-Metallic Products
  - Manufacture of Food and Drink
  - Agriculture, forestry and fishing
- 7.93 For the other LIS growth sectors, these are either forecasted sufficient growth in the Experian scenario to not warrant a further uplift, or are not specialisms of Telford & Wrekin (but rather other districts within the LEP area) and so do not justify an uplift.
- 7.94 The Growth forecast shows a growth of 17,100 net additional jobs over the plan period 2020-40. The Growth forecast shows an annual growth rate of 0.8% per annum compared to 0.7% in the Experian forecast and 0.6% in the CE forecast. For comparison, the growth rate seen in Telford & Wrekin since the last ‘trough’ in 2011 is 1.0% per annum.

## 8.0 RISKS OF BREXIT AND COVID-19

### a) Risks Due to Brexit

- 8.1 The UK voted to leave the EU in a referendum vote in June 2016. Since then, a number of proposed leave dates have been agreed and subsequently revised, with the UK eventually leaving in January 2020.
- 8.2 The UK is currently in a ‘transition period’, which is currently set to last until the end of 2020. What happens from 1 January 2021 will depend on the outcome of the negotiations between the UK and the EU which are currently ongoing.
- 8.3 At the macroeconomic level, Brexit will inevitably have numerous implications for the UK’s economy. However, the nature of the political arrangement between the UK and the EU following Brexit remains unclear, and therefore forecasting the economic implications of Brexit is a difficult process.
- 8.4 This notwithstanding, all three forecasting houses have incorporated the implications of Brexit into their forecasting approaches. The various models estimate the impacts of Brexit based on what they consider to be the most likely outcomes, given announcements and published reports by think-tanks, non-profit organisations and the UK government.
- 8.5 However, the political particulars of the future relationship with the EU have not been agreed, and so at this point in time there is no greater certainty on the assumptions in the forecasts:
- There is no “cliff-edge” moment as the UK obtains a transitional deal with the EU;
  - The UK agrees a bespoke deal with the EU;
  - The UK secures an ability to reduce EU migration;
  - The UK can remain in the single market for goods but not services (so there is no financial services passporting); and
  - There are likely to be some continued payments for access to the EU from the UK (although these are negligible in macroeconomic terms).
- 8.6 These assumptions have been converted into economic modelling assumptions, which provide inputs for the model used in the forecasting process. For the purposes of forecasting, the macroeconomic impacts of Brexit are considered in terms of three main factors: exports, workforce, and investment.
- 8.7 The table below presents CE’s overview of the specific long-term economic assumptions of the impacts of Brexit by broad sector:

**Table 35. Sectoral Brexit Risk Rating**

Sector	Export Impact	Workforce Impact	Investment Impact
Agriculture	Mild slowdown in EU demand	Strong employment constraints	Mild slowdown in investment
Mining and Quarrying	No specific impact	Moderate employment constraints	Moderate to pronounced slowdown in investment
Low and medium-low tech manufacturing	Mild slowdown in EU demand	Moderate employment constraints	Moderate to pronounced slowdown in investment
High and medium-high tech manufacturing	Mild to moderate slowdown in EU demand	Moderate employment constraints	Moderate to pronounced slowdown in investment
Construction	Mild slowdown in EU demand	Moderate employment constraints	Moderate to pronounced slowdown

			in investment
Utilities and energy	Mild slowdown in EU demand	Moderate employment constraints	No specific impact
Transport, distribution, retail and wholesale trade	Moderate to pronounced slowdown in EU demand	Strong employment constraints	Moderate to pronounced slowdown in investment
Accommodation and food service	Moderate to pronounced slowdown in EU demand	Strong employment constraints	Moderate to pronounced slowdown in investment
Administrative and support services	Moderate to pronounced slowdown in EU demand	Strong employment constraints	Moderate to pronounced slowdown in investment
Information and communication	Pronounced slowdown in EU demand	No specific impact	Moderate to pronounced slowdown in investment
Financial and insurance	Pronounced slowdown in EU demand	No specific impact	Moderate to pronounced slowdown in investment
Real estate	Pronounced slowdown in EU demand	No specific impact	Moderate to pronounced slowdown in investment
Professional, scientific and technical	Pronounced slowdown in EU demand	No specific impact	Moderate to pronounced slowdown in investment
Government services	Mild slowdown in EU demand	Moderate employment constraints	Mild slowdown in investment
Arts, recreation, and other services	Mild slowdown in EU demand	Moderate employment constraints	Mild slowdown in investment

Source: CE

8.8 Aggregating the results for each of the three impacts shows the following sectors are the most at risk sectors due to Brexit:

- Transport, distribution, retail and wholesale trade
- Accommodation and food service
- Administrative and support services

8.9 The following sectors are at moderate risk due to Brexit:

- Agriculture
- Mining and quarrying
- Low and medium-low tech manufacturing
- High and medium-high tech manufacturing
- Construction
- Information and communication
- Financial and insurance
- Real estate
- Professional, scientific and technical

8.10 The following sectors are at low risk due to Brexit:

- Utilities and energy
- Government services
- Arts, recreation, and other services

8.11 This analysis has been used to identify the scale of risk in the sectoral jobs growth forecasts for Telford & Wrekin over the period 2020-40. The scale of jobs growth in each sector is set out in the table below along with the risk rating identified above.

**Table 36. Sectoral Brexit Risk Rating, Telford & Wrekin**

Sector	Total Jobs 2020	Forecast Jobs Growth 2020-40				Brexit Risk
		CE	OE	Experian	Growth	
Agriculture and mining	800	-200	-200	-500	0	Med
Manufacturing	14,200	-700	-5,000	-1,100	1,500	Med
Electricity, gas & water	1,200	0	-200	100	100	Low
Construction	5,200	400	300	400	400	Med
Wholesale and retail trade	15,300	0	-500	1,700	1,700	High
Transport & storage	4,300	700	0	1,300	1,300	High
Accommodation & food services	2,900	2,700	300	700	700	High
Information & communications	3,900	1,800	500	1,100	1,100	Med
Financial & business services	19,700	3,600	3,400	5,600	5,600	Med
Government services	22,400	3,600	400	4,200	4,200	Low
Other services	3,800	0	300	300	300	Low
<b>Total</b>	<b>93,700</b>	<b>11,900</b>	<b>-700</b>	<b>13,800</b>	<b>16,900</b>	

8.12 Tables 37 and 38 sum the total number of jobs growth forecast in Telford & Wrekin categorised by the identified risk rating due to Brexit. This is shown in the tables by total jobs growth and the proportion of jobs in each risk rating.

8.13 The tables show that currently nearly half (47%) of jobs in Telford & Wrekin are in the moderate risk category, while 29% are low risk, and 24% high risk. The level of jobs growth in the forecasts shows similar proportions: 40-51% of jobs growth are in the moderate risk category for all forecasts; 27-33% are low risk, and 22-29% are high risk.

8.14 In terms of the different forecasts, the CE and Experian forecasts show very similar proportions of jobs growth in each risk category. In the CE forecast the majority of high risk jobs are in the Accommodation and food services sector, whereas for Experian high risk jobs are more spread across the three high risk sectors.

8.15 OE shows net jobs losses in the High and Moderate categories – reflecting OE’s more negative outlook due, in part, to Brexit. However, the OE forecast is also considerably more negative regarding the low risk categories indicating that this forecast is simply more negative across all sectors.

8.16 Overall, this analysis suggests that the majority of existing jobs and forecast growth within the Telford & Wrekin economy are not considered to be at high risk of negative consequences of Brexit.

**Table 37. Jobs by Brexit Risk Rating, Telford & Wrekin**

	Total Jobs 2020	Forecast Jobs Growth 2020-40			
		CE	OE	Experian	Growth
High	22,500	3,400	-200	3,700	3,700
Moderate	43,800	4,900	-1,000	5,500	8,600
Low	27,400	3,600	500	4,600	4,600

**Table 38. Proportion of Jobs by Brexit Risk Rating, Telford & Wrekin**

	Total Jobs 2020	Forecast Jobs Growth 2020-40			
		CE	OE	Experian	Growth
High	24%	29%	N/A	27%	22%
Moderate	47%	41%	N/A	40%	51%
Low	29%	30%	N/A	33%	27%

**b) Stakeholder Views on Brexit**

- 8.17 Stakeholders in the industrial and manufacturing sector identified Brexit as posing a significant risk to staff as they tend to rely on a multi-national workforce. Some stakeholders identified a number of staff left when Brexit was announced and more are expected to leave once the UK officially withdraws from the EU at the end of 2020. Some companies have managed to replace the lost workforce noting that the COVID-19 pandemic has actually helped as more people have been looking for work. In the longer term however there are concerns that accessing an appropriately skilled workforce will be an issue and more money will need to be spent on training. In turn, this may result in more businesses (particularly in the manufacturing sector) considering increased automation as a more cost effective solution.
- 8.18 Some stakeholders noted that as a result of Brexit there has been a material change in companies looking to invest in the UK. Interest has reduced by around 30% with a reduction in the number of jobs per investment. It was observed that previously, where a business might have been interested in a new site for manufacturing, now it is more usually sales office, R&D, and HQ office space (almost always in London) in the UK that is required, with the actual manufacturing floorspace investment being located elsewhere.
- 8.19 Stakeholders felt there were likely to be long-term issues, particularly to the automotive and manufacturing sectors, due to potential supply chain issues, competitiveness of EU countries and potential future tariffs. In terms of inward investment, the impact is expected to be overwhelmingly negative unless we can show that the cost of operation in the UK would be lower than elsewhere in Europe. If we are unable to do this, there is an expectation that some existing operators will move their operations out of the UK as it will be cheaper to manufacture goods elsewhere and transport them in.
- 8.20 Brexit is also expected to have a negative impact on recruitment levels for students and staff at local universities.
- 8.21 Overall, the impacts of Brexit are considered to be more significant and longer term than the impacts arising from COVID-19. In particular it is expected that there will be a long-term structural change in the UK's manufacturing sectors, unless the government can agree good trade deals.
- 8.22 However, Brexit may also open up new markets for customers. In Telford & Wrekin whilst there may be a decline in manufacturing some sectors, such as AgriTech and software

engineering sectors, are expected to continue to grow. It may also be possible to capitalise on UK-based companies increasingly looking to manufacture in the UK rather than relying on imports. It is also expected that supermarket chains will likely be looking to move their food manufacturing operations to the UK to be closer to consumer markets. Logistics costs in this sector are increasing and are likely to make importing in less cost effective. Other potential benefits of Brexit may be that it encourages businesses to go back to grassroots and diversify their markets and suppliers beyond the EU.

- 8.23 Whilst foreign investment has declined in recent times (likely due to the combined effects of Brexit and COVID-19) Telford & Wrekin has maintained a comparatively strong pipeline of investment projects and this is expected to continue into the future. It will be important to continue to diversify the employment sectors in Telford & Wrekin in order to minimise the risks associated with Brexit.

**c) Risks Due to COVID-19**

- 8.24 In the first half of 2020 the UK was hit by the Coronavirus (COVID-19) pandemic which has had a significant impact on the global, national, and local economy. The forecasts used in this assessment take account of the impact of COVID-19. However, the full scale of the impact is currently still emerging and, due to the unprecedented nature of the event, the future impact remains highly uncertain.

- 8.25 This section considers the impact that COVID-19 might have on Telford & Wrekin's economy, including:

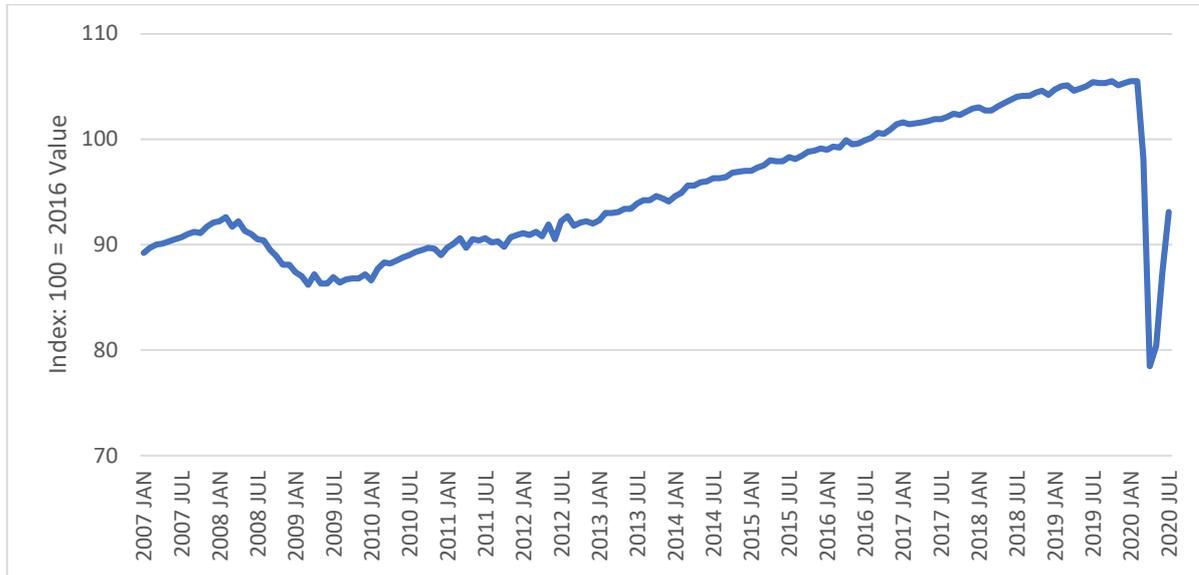
- The risk to existing jobs and job creation in different sectors of the economy; and
- The impact on employment land requirements, to support growth sectors, due to changes in working patterns and increased home working.

- 8.26 The data and analysis in this section is correct at the time of writing. However the fast changing pace of developments both in terms of the virus itself as well as the Government's policy response means that the analysis in this section could quickly become superseded by events. We recommend the Council closely monitor the official economic indicators and Government guidance as they are published.

**d) Impact on Employment**

- 8.27 The latest monthly national GDP figures published by ONS show the impact of COVID-19 and the ensuing lockdown had on the national economy. This shows a drop of 27% between January and April 2020. However this was followed by 3 months of continuous growth and a growth of 6.6% in the latest figures for July 2020.

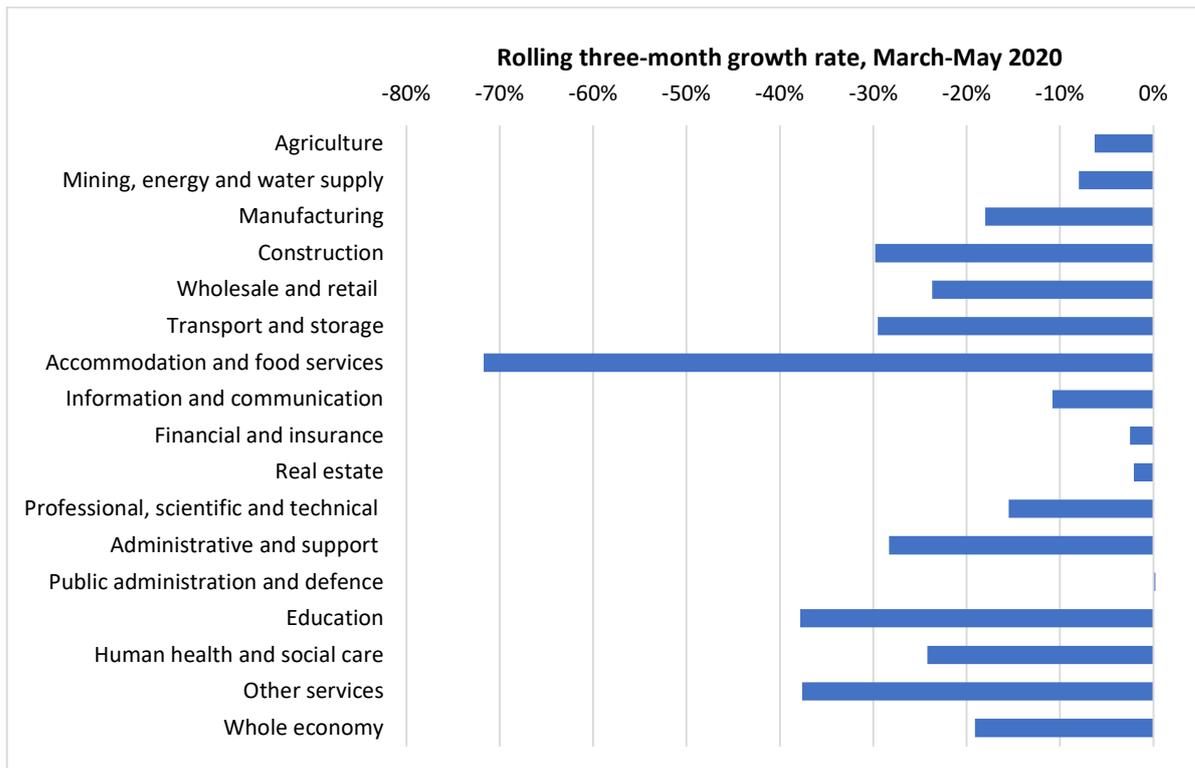
**Figure 40. Monthly GDP, Jan 2007-Jul 2020, UK**



Source: ONS

8.28 Nationally, all sectors have seen a reduction in GDP with the exception of Public administration and defence which has seen zero growth. Across all sectors GDP was down 19.1% over the period from March-May 2020. The Accommodation and Food Service sector has been hardest hit with a GDP contraction of -70% through this period reflecting the fact that the majority of businesses in the sector have been closed throughout this time.

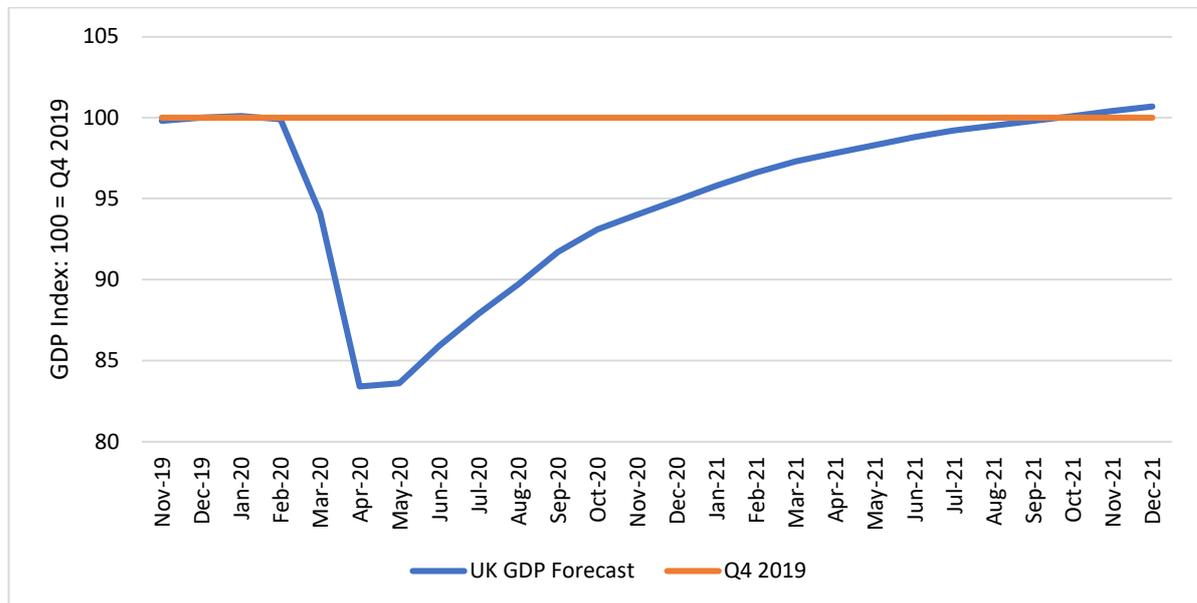
**Figure 41. GDP by Sector, March to May 2020, UK**



Source: ONS GDP monthly estimate

- 8.29 Predicting the longer-term impacts that COVID might have on the economy will be an important exercise to inform a wide range of disciplines, including land use planning. However, given the lack of precedent for a pandemic of this scale in modern times, forecasting future economic performance remains highly uncertain. This high level of uncertainty is due to a range of factors, the majority of which pose significant downside risks. This means any changes are likely to have negative, rather than positive, implications:
- **Coronavirus becomes more virulent and the lockdown period is extended.** This would result in the UK entering a deeper recession in 2020 and a slower subsequent recovery. OE sensitivity modelling shows this resulting in GDP growth of 2.1 percentage points per annum below the baseline forecast over the 2020-22 period.
  - **Long-term changes to market confidence and consumer attitudes to spending.** The current crisis results in less confidence in spending and risk-taking behaviour resulting in a long-running adverse effect on investment, entrepreneurship and innovation, weighing on the productive capacity of the economy. This could mean the long-term damage to the UK economy proves more significant than expected.
  - **A second (or more) waves of the virus resulting in a second (or more) lockdown.** This scenario appears to be increasingly likely at the present time. It would generate a 'W-shaped' path for the economy as the initial bounce following the end of the first lockdown is superseded by a second downturn following a subsequent lockdown. This would result in greater uncertainty and greater risks of long-term behavioural change (see above) which could lead to a dampened bounce and slower recovery following the second lockdown.
  - **Economic recovery is heavily reliant on intervention of government policy.** Any changes to government policy or spending would have significant impacts, more so than usual.
  - **Impact on negotiating post-Brexit deals.** The UK formally left the EU on 31 January and is now in a transition period, due to last until end-2020 while the UK and EU negotiate a future relationship. However, the disruption caused by COVID-19 has meant a necessary switch of political priorities. This could impact on negotiations, leaving the UK and EU to trade under WTO rules from 2021, further impacting on the UK's economic recovery.
- 8.30 Oxford Economics forecasts GDP to shrink in the short-term by 8.3% over 2020 but shows a strong and relatively swift recovery. The economic downturn is the result of a planned partial shutdown of the economy rather than due to imbalances in the private sector or public sector policy mistakes, which are more usual causes for entering a recession. Similarly, unlike a natural disaster there is no damage to the country's physical capital, such as buildings and infrastructure. This means the fundamentals of the economy can be regarded as stronger than is typical for an economy entering recession.
- 8.31 This provides optimism that there could be a strong 'bounce back'. OE's modelling assumes a relaxation of the lockdown over the summer, and with government support schemes (including the Coronavirus Job Retention Scheme (CJRS) and loans to businesses) seeing a strong take up throughout the year. With these assumptions, OE forecasts the economy should return to growth through the second half of this year and into 2021. OE forecasts GDP to rise by 7.8% next year, although in level terms output is not expected to regain its end-2019 level until Q4 2021.

**Figure 42. UK GDP Forecast, Nov 19-Dec 21**



Source: Oxford Economics

- 8.32 Some sectors will be affected much more than others. For many service sectors, GDP has been lost permanently. For example, accommodation and food services not purchased during lockdown have been lost for ever. Conversely, spending on durable goods, such as cars, may have simply been deferred, which would lead to a post-lockdown bounce in demand and production. The size and duration of this bounce depends on consumer confidence and mindset, as well as retaining the means to spend. This will depend in part on how long restrictions are in place and the effectiveness of policies to maintain existing companies and jobs.
- 8.33 As set out above there are significant challenges to forecasting the economic impacts that COVID-19 might have on the economy. However, there are a number of characteristics of an economy which will be more or less susceptible to the impacts of COVID-19. These have been identified by Oxford Economics in their Regional Scorecards for UK Regions (ICAEW UK Economic Report, May 2020).
- 8.34 This identifies the following characteristics of a local economy which determine how severely an area's economy is impacted by COVID-19:
- **Exposure to hospitality & tourism:** hospitality and tourism services will take a large hit as people suspend their travel plans and social activities.
  - **Exposure to retail:** non-essential shops have closed across Europe, with consumers also delaying long-term purchases, such as of cars.
  - **Exposure to manufacturing:** manufacturing to be the most hit by supply-chain disruptions.
  - **Trade intensity:** regions with high exposure to supply chains will take larger hit from their disruptions due to the outbreak.
  - **Share of self-employed:** self-employed workers do not earn wages when they self-isolate or contract the virus, leading to an immediate consumption hit
  - **Share of small firms (with 0-9 employees):** small firms are at a higher risk of bankruptcy due to lower cash buffers and more restricted access to credit.

- **Working from home capabilities:** the speed at which firms can adapt to remote working will depend on previous experience and whether tasks can realistically be performed remotely.
- **Internet access:** as containment measures such as lockdowns are imposed, many people (especially in services) will have to work from home
- **Share of population 65+:** mortality rates of COVID-19 are significantly higher for older people.
- **Hospital beds per 100,000 population:** proxy for the capacity of the healthcare system to deal with a large-scale outbreak.
- **Population density (number of people per square kilometre):** regions with higher density may have increased transmission rates, increasing the likelihood of longer/more extensive lockdowns.

8.35 For the West Midlands Region, OE make the following conclusions:

- GVA and employment may fall by more than the UK average in 2020. That may be followed by a slightly faster than average recovery in 2021, but after that the region will probably underperform the UK slightly.
- Employment in 2021 is likely to be lower than it was pre-virus, at 2.89m next year compared with 2.95m in 2019.
- The region is more manufacturing intensive than the UK average but has a smaller than average hospitality sector. Digital connectivity is, however, slightly better than average.

8.36 However, the West Midlands is a diverse region and it is therefore worth considering how these factors affect Telford & Wrekin compared with other areas.

8.37 The table below sets out the key characteristics of the local economy, which provides an indication of how susceptible Telford & Wrekin's economy might be to the impacts of COVID-19.

**Table 39. Characteristics of Telford & Wrekin's economy which increase risks of COVID-19**

Characteristic	Telford & Wrekin Context
Exposure to hospitality & tourism	Telford & Wrekin has a relatively low proportion of jobs in the Accommodation and food services sector with 4.6% of all jobs. This ranks 294 <sup>th</sup> out of the 317 local authorities in England.
Exposure to retail	Similarly, Telford & Wrekin has a relatively low proportion of jobs in the Retail sector with 8.0% of all jobs. This ranks 255 <sup>th</sup> out of the 317 local authorities in England.
Exposure to manufacturing	Telford & Wrekin has a relatively high proportion of jobs in the Manufacturing sector with 17.2% of total jobs. This ranks 27 <sup>th</sup> out of the local authorities in England.
Trade intensity	The Business Impact of Coronavirus (COVID-19) Survey (BICS) data set out below shows that, at a national level, the sectors which have been most affected by import/export restrictions due to COVID are Transport and Storage, Wholesale and Retail, and Manufacturing.  Employment rates in Gloucestershire in Retail and Manufacturing are set out above.  For Transport and Storage, 3.4% of jobs in Telford & Wrekin are

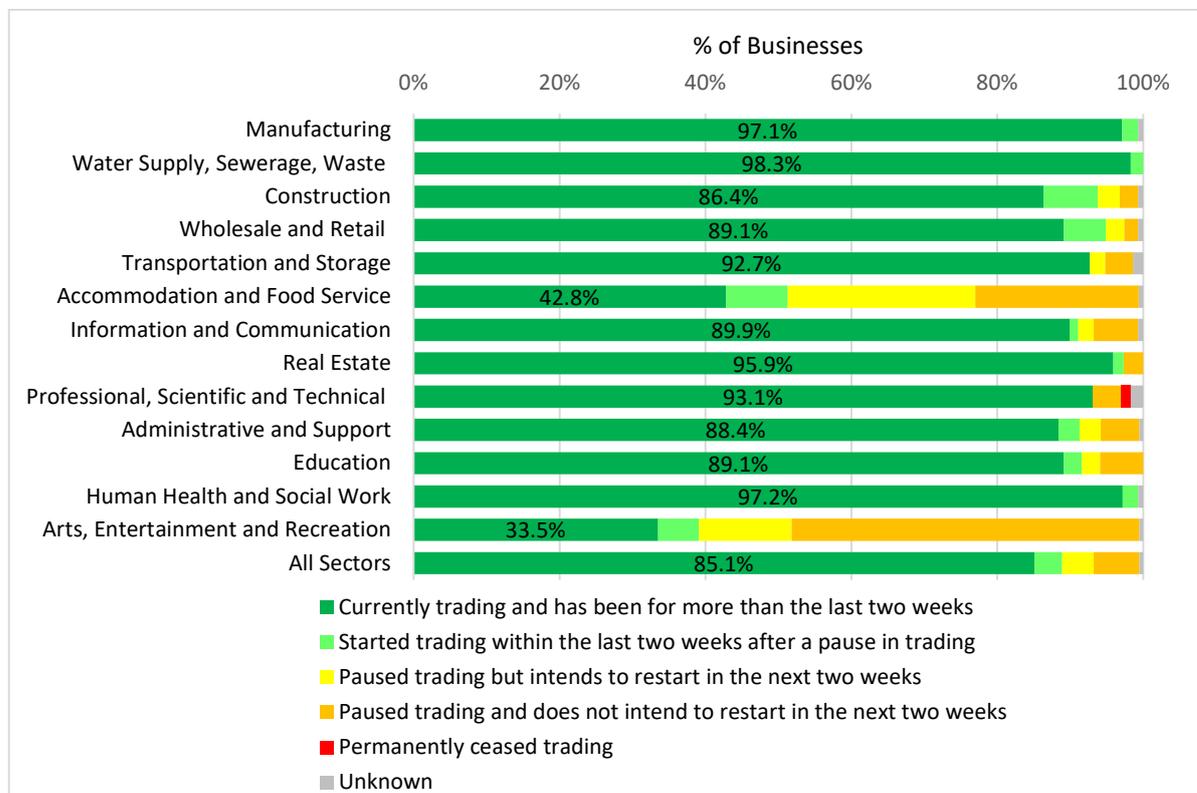
	in this sector ranking 198 <sup>th</sup> out of the local authorities in England.
Share of self-employed	Telford & Wrekin has a self-employment rate of 10.6%. This is below the England average of 14.4% and ranks 258 <sup>th</sup> out of the 317 local authorities in England.
Share of small firms (with 0-9 employees)	In Telford & Wrekin 86.4% of firms have between 0 and 9 employees. This is below the national average of 89.6% and ranks 292 <sup>nd</sup> of the 317 local authorities in England.
Working from home capabilities	<p>The BICS data set out below shows, at a national level, that the sectors which have seen the lowest changes in home working are Human Health and Social Work, Manufacturing, Construction, Accommodation and Food Service, and Utilities.</p> <p>For Human Health and Social Work this most likely represents the higher demand for services rather than the capability to work from home. For the other sectors this likely reflects lower capabilities.</p> <p>Manufacturing and Accommodation and Food Service have been considered above.</p> <p>Employment in the Utilities sector in Telford &amp; Wrekin represents 1.3% of total jobs. This means Telford &amp; Wrekin ranks 106<sup>th</sup> of the local authorities in England.</p> <p>For Construction, the figure in Telford &amp; Wrekin is 3.4% which ranks 275<sup>th</sup>.</p>
Internet access	The latest data (2019) from ONS shows that in Telford & Wrekin 9.2% of the population have not used the internet within the last 3 months or have never used it. This is lower than the West Midlands Region average of 11.3% and broadly in line with the UK average of 9.1%.
Share of population aged 65+	ONS's 2019 Mid-Year Estimates (MYE) of population show that 17.3% of Telford & Wrekin's population is aged 65 and above. This is lower than the UK average of 18.5% and ranks 227 <sup>th</sup> of the local authorities in England.
Hospital beds per 100,000 population	The latest data from the NHS provides the total hospital bed numbers for each of its commissioning regions. Combining this with the latest ONS MYE population figures shows the Midlands has 226 hospital beds per 100,000 population. This is virtually the same as the UK average of 229 beds per 100,000.
Population density	Based on the 2019 MYE data, Telford & Wrekin has a population density of 620 people per sq km. This ranks 160 <sup>th</sup> of the local authorities in England which is very close to the England median, but is above the England average of 423 people per sq km.

- 8.38 Overall, this analysis suggests that Telford & Wrekin's economy has few characteristics which are identified as vulnerable to COVID-19. The only characteristic in which Telford & Wrekin ranks highly is the proportion of manufacturing jobs. This suggest the borough is not at particular risk due to the effects of COVID-19, compared to other areas of the country with higher risk characteristics.
- 8.39 Data from the Business Impact of Coronavirus (COVID-19) Survey (BICS) can be assessed

to identify the impact COVID-19 has had on the economy to date. The BICS is produced by ONS and the indicators are based on responses from the voluntary fortnightly business survey, which captures businesses' responses on how their turnover, workforce prices, trade and business resilience have been affected in the two week reference period.

- 8.40 The BICS data covers the period from March to June 2020. As such it represents a very short time period from which to draw conclusions. It also reflects business performance in the context of changing Government guidance and policy responses – for example the Coronavirus Job Retention Scheme.
- 8.41 Estimates from the BICS are currently unweighted and should be treated with caution when used to evaluate the impact of COVID-19 across the UK economy.
- 8.42 This means that while the BICS provides the latest data in terms of the range of economic performance indicators, they should not be treated as providing an indication of long-term economic performance or employment trends. The data do show which sectors have been hardest hit by COVID-19 and this provides an indication of the expected future sectoral performance in the short to medium term.
- 8.43 The figure below shows the trading status of businesses in each sector as of June 2020. This shows that 85.1% of all businesses were continuing to trade and had been for more than the previous two weeks. This figure increases to 88.9% when including businesses which had resumed trading in the previous two weeks.
- 8.44 However, there are two sectors where this figure is considerably lower. For Accommodation and Food Service just 51.3% of businesses are currently trading. For Arts, Entertainment and Recreation this figure is even lower at 39.1%.

**Figure 43. Business Trading Status, UK**

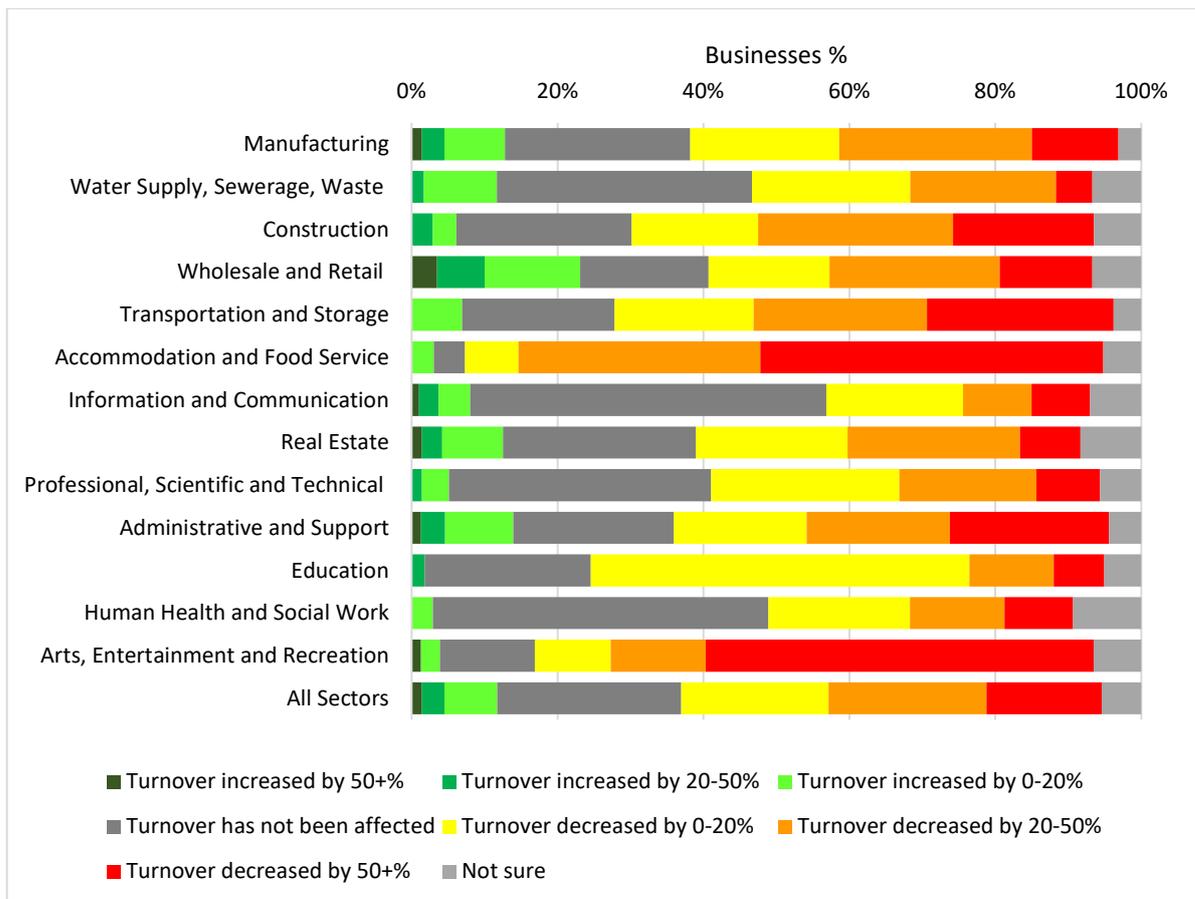


Source: ONS BICS June 2020

8.45 Figure 44 shows the reported change in turnover in 2020 compared to the same period in 2019. Across all sectors, 57.6% of businesses reported a drop in turnover. The data again shows the worst hit sectors have been the Accommodation and Food Service sector (86.0% reporting lower turnover), and the Arts, Entertainment and Recreation sector (76.6% lower). However, the following sectors all had the majority of businesses reporting a lower turnover compared to 2019:

- Accommodation and Food Service (86.0%)
- Arts, Entertainment and Recreation (76.6%)
- Education (69.3%)
- Transportation and Storage (67.1%)
- Construction (62.9%)
- Administrative and Support Services (59.6%)
- Manufacturing (58.7%)
- Professional, Scientific and Technical (53.1%)
- Real Estate (52.7%)
- Wholesale and Retail (52.6%)

**Figure 44. Change in turnover from same time in 2019, UK**



Source: ONS BICS June 2020

8.46 One of the key factors affecting businesses who are continuing to trade is the decreasing availability and increasing cost of importing and exporting goods. This has particularly

impacted businesses who trade overseas due to differing restrictions of trade and movement in different jurisdictions, and different countries enforcing and relaxing lockdown restrictions at different times.

- 8.47 Overall, nearly half (44.6%) of businesses reported having challenges relating to exporting. The sectors most widely hit have Transportation and Storage, Wholesale and Retail trade, and Manufacturing.

**Table 40. COVID impacts on exporting**

	Manufacturing	Wholesale and Retail Trade	Transportation and Storage	Information and Communication	Professional, Scientific and Technical	Administrative and Support	Education	All Sectors
Coronavirus-related transport restrictions	22.5%	25.0%	55.0%	17.4%	21.1%	21.7%	50.0%	23.9%
Increases in transportation costs	28.7%	33.6%	35.0%	15.2%	9.2%	13.0%	10.0%	25.5%
Closure of infrastructure used to export goods or services	7.9%	16.4%	40.0%	10.9%	3.9%	8.7%	0.0%	10.0%
Destination countries changing their border restrictions	9.6%	14.3%	45.0%	17.4%	10.5%	17.4%	10.0%	12.3%
Other	2.0%	2.1%	10.0%	2.2%	9.2%	8.7%	0.0%	3.5%
Did not experience any challenges with exporting	58.2%	50.0%	30.0%	56.5%	59.2%	52.2%	40.0%	55.4%

Source: ONS BICS June 2020

- 8.48 Restrictions on imports have had a similar impact to a wide range of sectors with Transportation and Storage, Administration and Support, Wholesale and Retail trade, and Manufacturing most affected.

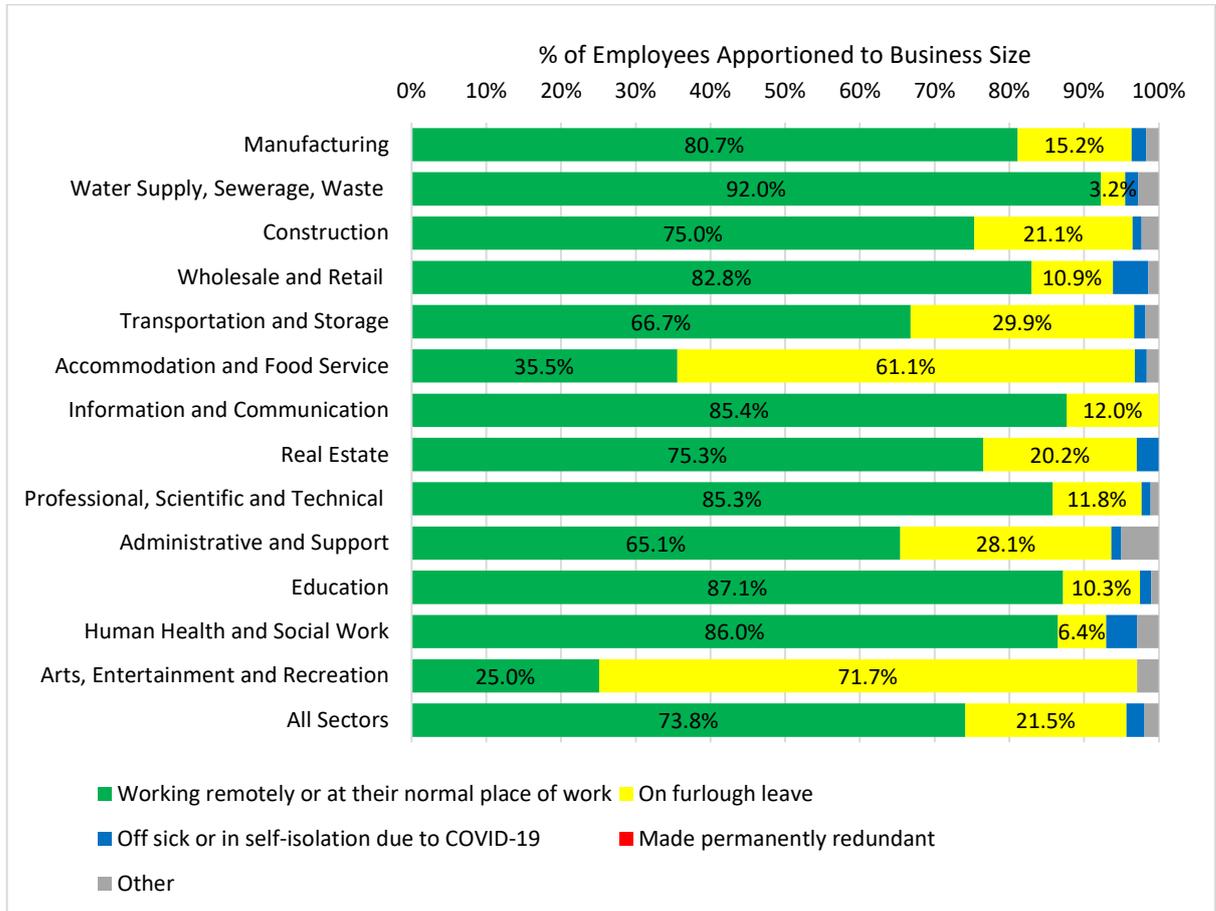
**Table 41. COVID impacts on importing**

	Manufacturing	Construction	Wholesale and Retail	Transportation and Storage	Information and Communication	Professional, Scientific and Technical	Administrative and Support	Education	All Sectors
Coronavirus-related transport restrictions	27.8%	20.0%	26.6%	50.0%	18.8%	21.6%	30.0%	41.2%	27.7%
Increases in transportation costs	28.8%	10.0%	32.4%	40.9%	15.6%	13.7%	20.0%	5.9%	27.1%
Closure of infrastructure used to import goods or services	8.7%	20.0%	14.4%	22.7%	12.5%	7.8%	13.3%	0.0%	10.9%
Source countries changing their border restrictions	8.4%	0.0%	9.0%	40.9%	9.4%	9.8%	13.3%	5.9%	10.2%
Other	2.3%	0.0%	4.5%	0.0%	9.4%	7.8%	0.0%	0.0%	3.7%
Did not experience any challenges with importing	53.8%	70.0%	46.4%	40.9%	53.1%	60.8%	53.3%	58.8%	51.6%

Source: ONS BICS June 2020

- 8.49 This challenging economic environment has had a significant impact on businesses' ability to retain employees. Figure 45 shows the employee status of all businesses which have not permanently stopped trading (i.e. including those continuing to operate or those who have temporarily ceased operations). This shows that across all sectors 21.5% of staff have been placed on furlough leave, while 73.8% continue to work (either at their normal place of work or remotely).
- 8.50 The data again shows the worst hit sectors have been the Accommodation and Food Service sector (61.1% on furlough), and the Arts, Entertainment and Recreation sector (71.7% on furlough). Other sectors which have seen higher than average rates of staff furloughing are Transportation and Storage (29.9%) and Administrative and Support Services (28.1%).
- 8.51 The data shows very few staff have been made permanently redundant, although this is expected to change as the Government's Coronavirus Job Retention Scheme tapers off through September and October 2020.

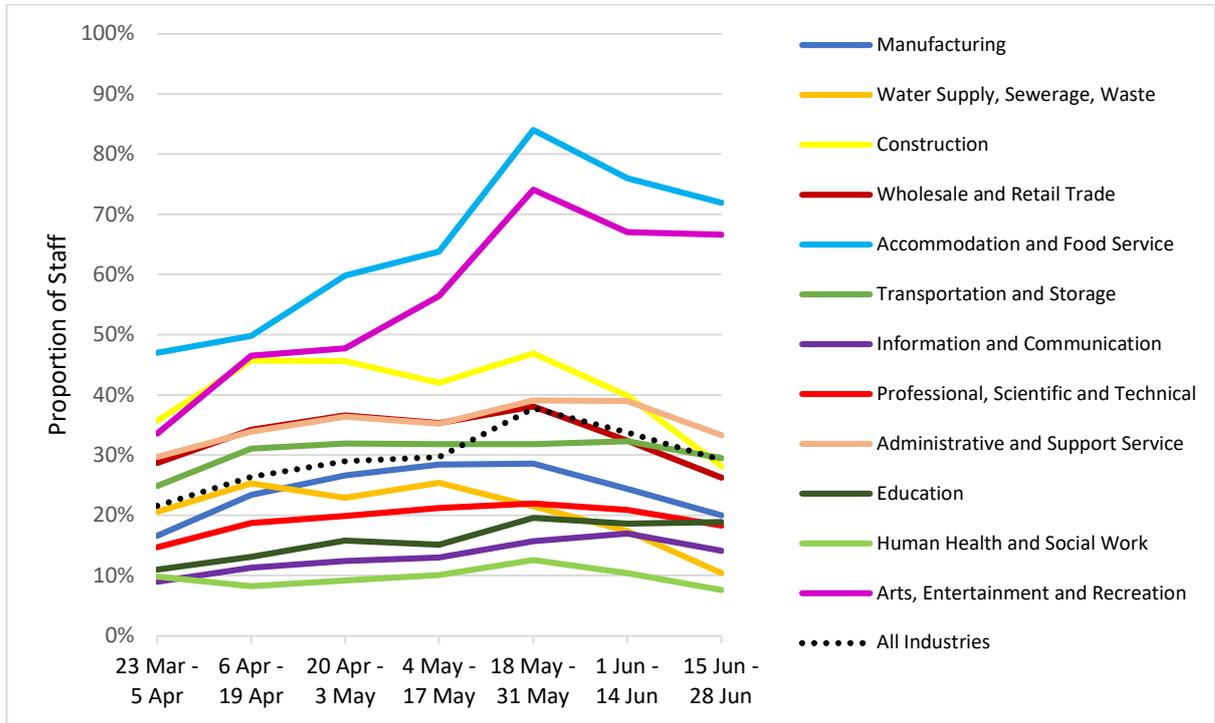
**Figure 45. Employee Status**



Source: ONS BICS June 2020

8.52 Figure 46 shows the proportion of employees in each sector on furlough or sick leave due to COVID and how this has changed over time from March-June 2020. This shows the highest rate of non-working due to COVID was in late May 2020 and since then rates of people on either furlough or sick leave have dropped in almost all sectors. This is particularly evident in the Construction sector which has seen 19% of staff return to work over this period.

**Figure 46. Proportion of Staff on Furlough or Sick Leave – Time Series**



Source: ONS BICS Mar-June 2020

8.53 The range of data set out above has been collated in the table below in terms of low, medium, and high risk for each element and sector. This is then aggregated to identify an overall level of risk for each sector.

**Table 42. Sectoral Risk of COVID-19**

	Trading Status	Turnover	Import/Export	Employee Status	Overall Risk
Manufacturing	Low	Med	High	Low	Med
Water Supply, Sewerage, Waste	Low	Low	Low	Low	Low
Construction	Low	High	Med	Med	Med
Wholesale and Retail	Low	Med	High	Low	Med
Transportation and Storage	Low	High	High	Med	High
Accommodation and Food Service	High	High	Low	High	High
Information and Communication	Low	Low	Med	Low	Low
Real Estate	Low	Med	Low	Med	Med
Professional, Scientific and Technical	Low	Med	Med	Low	Med
Administrative and Support	Low	Med	Med	Med	Med
Education	Low	High	Med	Low	Low
Human Health and Social Work	Low	Low	Low	Low	Low
Arts, Entertainment and Recreation	High	High	Low	High	High

8.54 This analysis has been used to identify the scale of risk in the sectoral jobs growth forecasts for Telford & Wrekin. The scale of jobs growth in each sector is set out in Table 43 along with the risk rating identified above.

**Table 43. Sectoral COVID-19 Risk Rating, Telford & Wrekin**

	Total Jobs 2020	Forecast jobs growth 2020-40				COVID Risk
		CE	OE	Experian	Growth	
Agriculture, Mining, Quarrying	800	-200	-200	-500	0	Low
Manufacturing	14,200	-700	-5,000	-1,100	1,500	Med
Electricity, gas & water	1,200	0	-200	100	100	Low
Construction	5,200	400	300	400	400	Med
Wholesale and retail trade	15,300	0	-500	1700	1700	Med
Transport & storage	4,300	700	0	1,300	1,300	High
Accommodation & food services	2,900	2,700	300	700	700	High
Information & communications	3,900	1,800	500	1,100	1,100	Low
Financial & business services	19,700	3,600	3,400	5,600	5,600	Low
Government services	22,400	3,600	400	4,200	4,200	Low
Other services	3,800	0	300	300	300	High
<b>Total</b>	<b>93,700</b>	<b>11,900</b>	<b>-700</b>	<b>13,800</b>	<b>16,900</b>	

- 8.55 Tables 44 and 45 sum the total number of jobs growth forecast in Telford & Wrekin categorised by the identified risk rating due to COVID. This is shown in the tables by total jobs in 2020 and forecast jobs growth, and then shows the proportion of jobs in each risk rating.
- 8.56 The data shows that for current jobs in Telford & Wrekin only 12% are in the high risk sectors, 37% in moderate risk sectors, and the majority (51%) in low risk sectors.
- 8.57 For the forecast jobs growth, all of the other forecasts show the majority of future jobs growth is in the low risk sectors. The OE forecast shows an overall negative jobs growth over the period which means it is not possible to do a meaningful proportional analysis.
- 8.58 For the other forecasts there is relatively low levels of growth in the high risk sector and very low proportions in the moderate risk sector. The Growth forecast shows the highest proportion of jobs in the moderate risk category due to its higher growth in the Manufacturing sector.
- 8.59 The CE, Experian, and Growth forecasts show jobs growth in low risk sectors constituting between 65-74% of future jobs growth – substantially higher proportions than moderate or high-risk sectors.

**Table 44. Jobs by COVID Risk Rating, Telford & Wrekin**

	Total Jobs 2020	Forecast jobs growth 2020-40			
		CE	OE	Experian	Growth
High	11,000	3,400	600	2,300	2,300
Moderate	34,700	-300	-5,200	1,000	3,600
Low	48,000	8,800	3,900	10,500	11,000

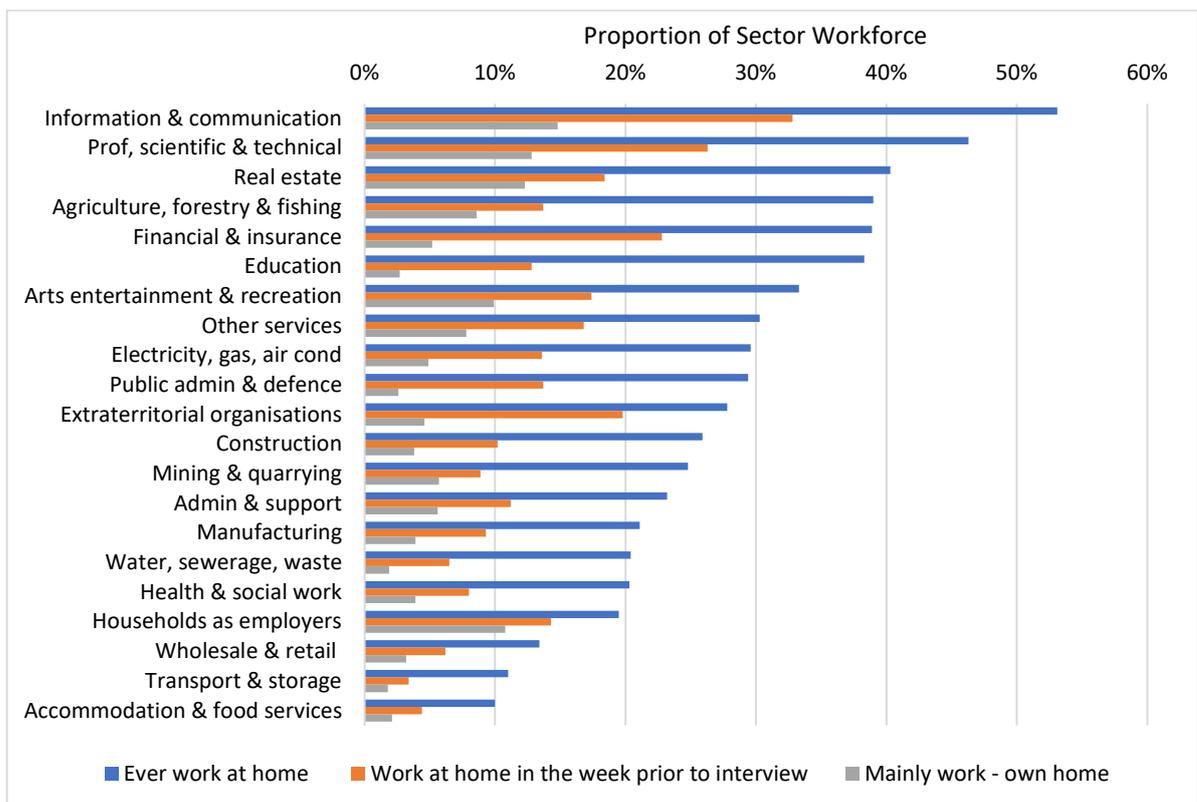
**Table 45. Proportion of Jobs by COVID Risk Rating, Telford & Wrekin**

	Total Jobs 2020	Forecast jobs growth 2020-40			
		CE	OE	Experian	Growth
High	12%	29%	N/A	17%	14%
Moderate	37%	-3%	N/A	7%	21%
Low	51%	74%	N/A	76%	65%

**e) Changes to working practices**

- 8.60 It is clear that COVID-19 has necessitated a large shift in the amount of home working. This change in working practices could have a significant impact on the quantum of employment space required to support existing and future jobs growth.
- 8.61 Figure 47 shows the proportion of home working in different sectors in 2019 and provides a useful baseline position pre-COVID. This shows that pre-COVID working from home was still relatively rare. This shows working from home is most prevalent in the Information and Communications sector, and this sector was the only one where more than half of the workforce (53%) had ever worked from home. Conversely, in the Accommodation and Food Service sector 90% had never worked from home.
- 8.62 There is a clear distinction between ‘ever worked from home’ and ‘mainly work from home’. Even in the Information and Communications sector where 53% had ever worked from home, only 14.8% said that was their main working location. This was the highest of any sector. For the majority of sectors less than 5% of workers mainly worked from home.

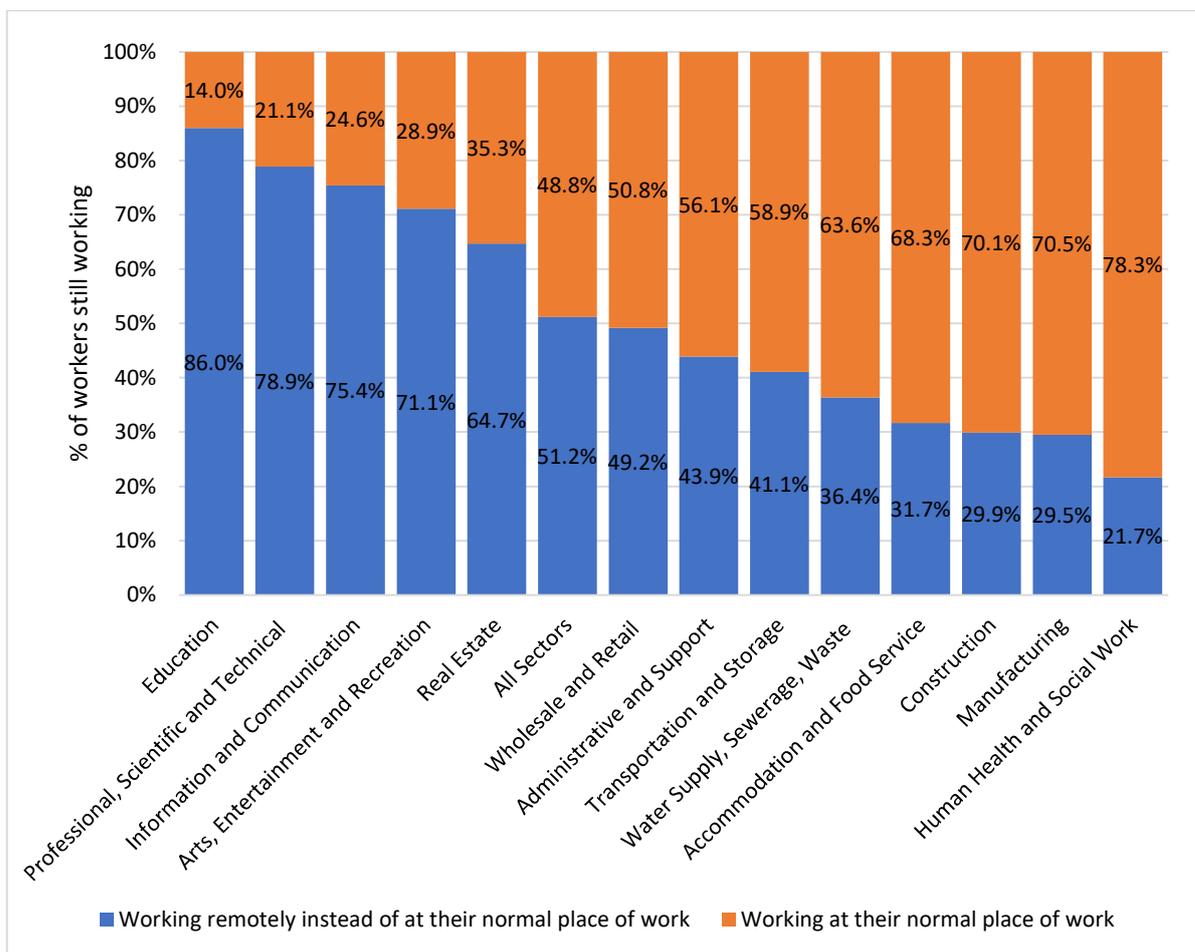
**Figure 47. Percentage of UK workforce homeworking by sector, 2019**



Source: ONS

- 8.63 The lockdown restrictions due to COVID-19 have affected different sectors to different degrees, depending largely on the nature of work and whether it is possible for normal work tasks to be completed whilst working from home. This has driven many companies to update their operating practices and computer hardware/software in order to facilitate longer-term home working. This has no doubt increased the capacity for homeworking for a number of businesses. The lockdown has also necessitated a change in business culture with regards to home working, for example a greater number of business meetings taking place online rather than face to face.
- 8.64 The BICS data from ONS provides an indication of how this situation has changed since lockdown restrictions came into place. This shows the level of home working achieved for each sector during lockdown.

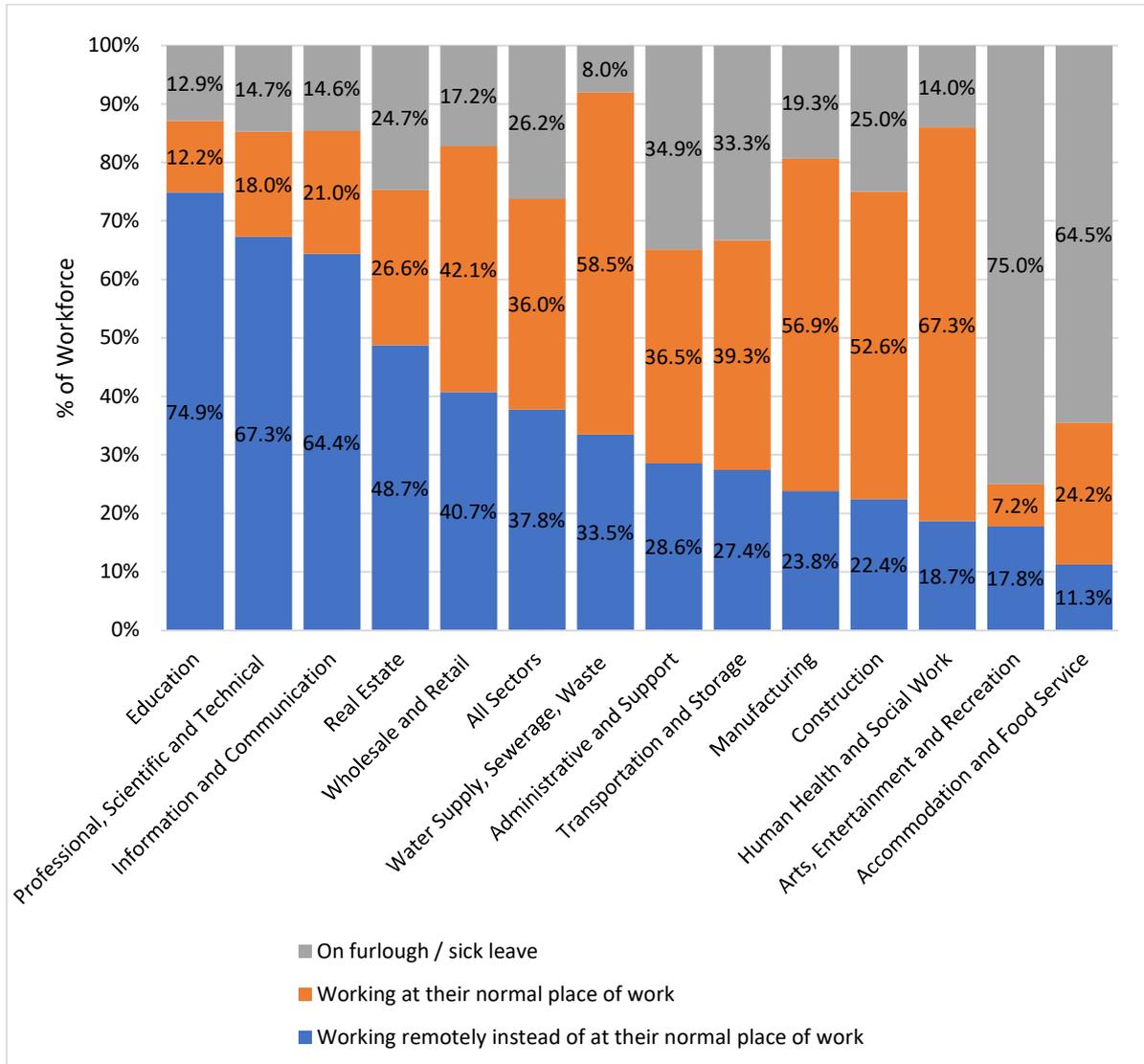
**Figure 48. Work location of workers by sector, June 2020**



Source: ONS BICS June 2020

- 8.65 The data in Figure 48 includes data for workers who were still in work and does not include workers who have been placed on furlough or off sick due to COVID-19. In many cases, workers who could not work from home and were not identified as key workers were placed on furlough leave.
- 8.66 Figure 49 cross references the data in Figure 48 with the data on Employee Status (Figure 45) in order to identify the proportion of all workers – including those on furlough or sick leave – who are working from home.

**Figure 49. Work location of workforce by sector, June 2020**



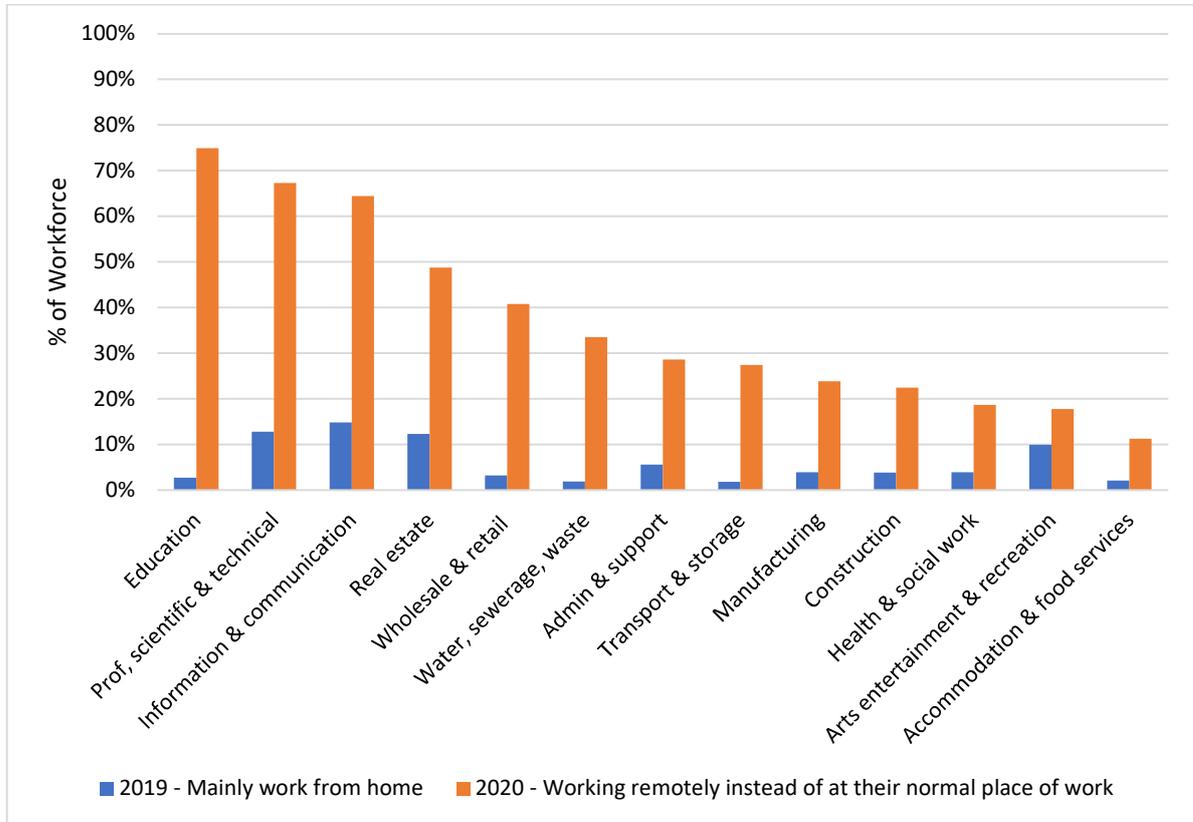
Source: ONS BICS June 2020

8.67 Figure 50 compares the pre- and post-lockdown remote working figures. This shows the increase in home working in each sector. It is clear from the data that sectors with high levels of office-based activities have seen particularly high levels of remote working, and large increases from the rates of home working seen pre-lockdown:

- Professional, Scientific and Technical Services increasing from 12.8% to 67.3%;
- Information and Communications increasing from 14.8% to 64.4%; and
- Real Estate from 12.3% to 48.7%.

8.68 The data provides a reasonable estimate for the capacity for home working in each sector. In this sense it provides a reasonable ‘upper bound’ of the potential for home working in each sector.

**Figure 50. Remote working by sector, 2019 vs June 2020**



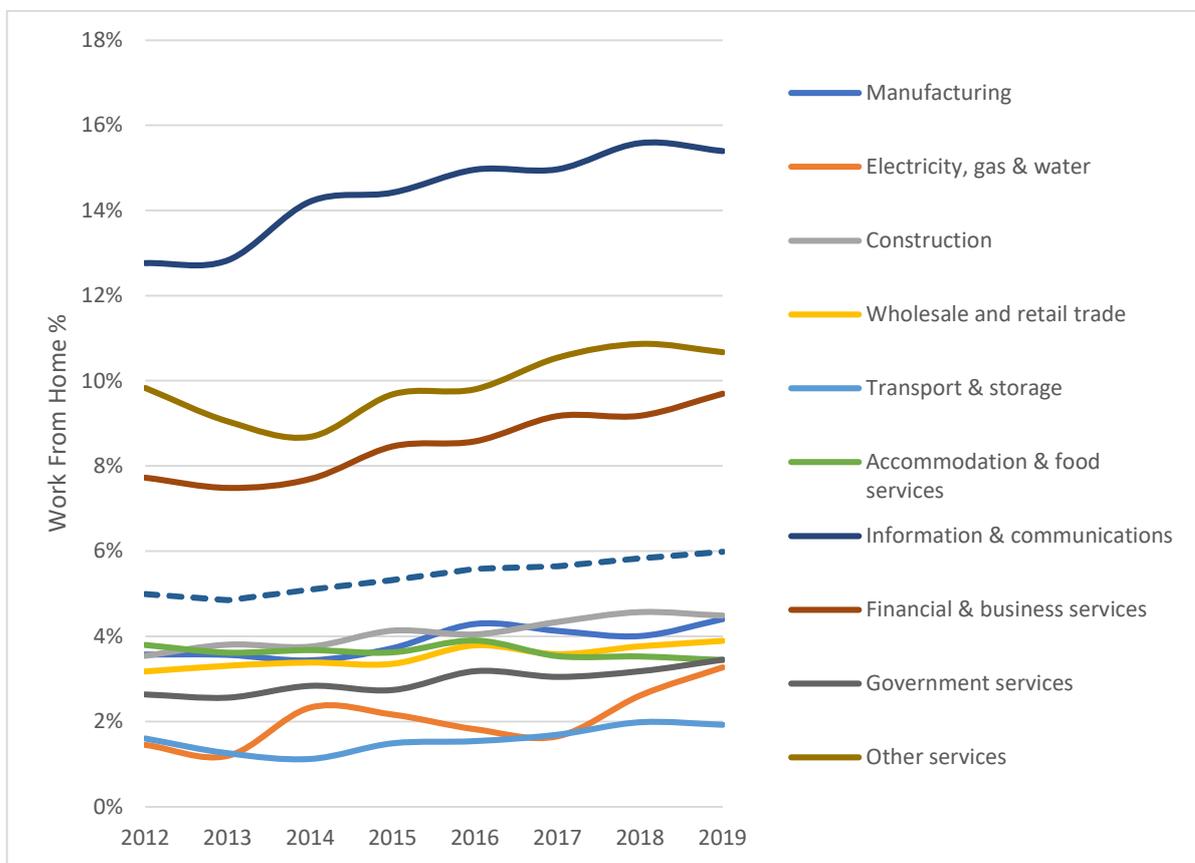
Source: SPRU analysis of various ONS data

- 8.69 Whether these are long term changes to working practices remains to be seen. Going forward, as lockdown restrictions are eased, the ‘new normal’ is unlikely to see a continuation of this level of home working but equally it is unlikely to drop back to pre-COVID levels.
- 8.70 For some sectors – for example Education, which has seen the highest increase – the levels of remote working have been a requirement due to the closure of education establishments. These are very likely to drop significantly towards pre-COVID levels once these establishments are re-opened, which for the majority of schools for example is likely to be in September. Impacts for these will likely to be relatively short-term.
- 8.71 However, it is clear that the lockdown has required an unprecedented level of home working which has demonstrated that it is a viable option for many and has removed many of the barriers to home working such as technology and corporate culture. A repeated theme of the stakeholder engagement has been that this has resulted in many of the barriers to home working being overcome out of necessity. Three main issues have been identified:
- Technological barriers
  - Corporate attitudes towards homeworking and fears about reduced productivity
  - Limitations on teamworking, training, and client facing
- 8.72 Feedback from stakeholders suggests that enforced homeworking has resulted in the first two of these barriers being overcome, at least to some degree. However, the third barrier largely remains. The evidence suggests that this would likely result in increased working from home in the future.
- 8.73 Some respondents suggested that this could alter their recruitment practices allowing the

recruitment of entirely remote workers over a much wider geographical range. However, the majority of businesses suggest that they are simply delaying activities such as recruitment, training, networking and corporate events, until after restrictions are lifted. This suggests that the current level of home working is not sustainable.

- 8.74 Nonetheless, this is clearly a salient issue and one which will need to be addressed in the employment land modelling to ensure robustness of the figures.
- 8.75 ONS's remote working data at a national level shows that from 2012-19 the scale of homeworking – those who mainly work from home – has increased from 5.0% in 2012 to 6.0% in 2019. This ranges by sector, from 1.9% in Transport and Storage to 15.4% in IT and Communications.

**Figure 51. Numbers of Homeworkers by Sector, UK**



Source: ONS

- 8.76 Remote working is traditionally factored into the modelling implicitly via the employment densities from the HCA Employment Densities Guide (2015) which considers the amount of floorspace per worker for different uses and factors in things such as hot-desking and agile working. In order to avoid 'double counting' these factors, 2015 has been used as a baseline and changes in home working trends have been measured from 2015 onwards over the plan period to 2040 to assess how home working rates are likely to increase since the HCA figures were calculated.
- 8.77 The changes in working from home rates between 2015 and 2040 have been calculated by extrapolating the growth trend in home working from 2012-19 to 2040. This is done for each sector and results in a total proportion of home working of 9.0% by 2040 – an increase of 3.6% on 2015 rates. For some sectors this is notably higher – the highest is IT and

Communications which grows to 23.3% by 2040. This suggests that the predominantly office-based sectors will be most impacted, which accords with feedback received from the stakeholder consultation.

**Figure 52. Projected Change in Working from Home per Sector, 2015-40**

	2015	2040	Change
Manufacturing	3.7%	6.9%	3.2%
Electricity, gas & water	2.2%	8.7%	6.6%
Construction	4.1%	7.3%	3.2%
Wholesale and retail trade	3.4%	6.1%	2.7%
Transport & storage	1.5%	2.9%	1.4%
Accommodation & food services	3.6%	2.4%	-1.2%
Information & communications	14.4%	23.3%	8.9%
Financial & business services	8.5%	15.6%	7.1%
Government services	2.7%	5.9%	3.2%
Other services	9.7%	13.2%	3.5%
<b>All Jobs</b>	<b>5.3%</b>	<b>9.0%</b>	<b>3.6%</b>

8.78 These projected working from home rates are factored into the land requirement modelling set out in Section 9. In the modelling it is assumed that the proportion of jobs in each sector which will be filled by workers working from home in accordance with the rates set out in Table 53. These jobs will therefore not require additional floorspace and are removed from the final floorspace requirement figures.

**f) Stakeholder Views on COVID-19**

8.79 A key negative impact of COVID-19 is increased rates of unemployment. In particular, many stakeholders expect there to be redundancies following the end of the furlough scheme and a period of time before employment sectors are back to full strength economically. Some stakeholders expect manufacturing firms in particular to use this time to increase automation processes, which may result in longer term reductions in staff and lower employment densities (i.e. more floorspace required per job).

8.80 COVID-19 has however helped identify weaknesses in supply chains and the need to make these more robust. Stakeholders noted that companies may look to localise supply chains in order to de-risk impacts in case of future outbreaks. For example, this has been felt where companies in China have been on lockdown at different times to the UK and have to deal with logistics difficulties and costs. Trying to arrange imports with suppliers with different restrictions and availability has been difficult. In order to counteract these issues, some companies may look to increase their use of UK suppliers in the future to avoid these issues. Companies are also looking to broaden their supply chains (by using multiple suppliers) in order to de-risk in case a particular supplier goes under.

8.81 Some stakeholders felt there was likely to continue to be high demand for industrial units as the UK attempts to reclaim manufacturing within the country and become more self-sufficient. Stakeholders therefore noted a need to attract more development in order to retain the same level of jobs. This will require more land and more long-term strategic allocations.

8.82 Some other potential positive outcomes of COVID-19 are a growth in opportunities for PPE manufacturing and an increased focus on diversifying markets. Stakeholders also noted that enquiries for employment space were still coming forwards.

- 8.83 Another notable impact of COVID-19 is changes in patterns of working. Feedback suggests that COVID-19 is likely to promote increased patterns of remote working – especially in sectors where operations are less likely to be limited by remote working, generally those requiring only computer and internet. It was felt that both workers’ and employers’ mentalities towards working from home has changed and there has been growing trust between workers and their employers. Many barriers to home working have been overcome out of necessity, although there are still some limitations in terms of teamworking, training and engaging with clients. Some stakeholders said that they expected these patterns of remote working to continue into the future, particularly if the pandemic continues for an extended period. However, the majority of stakeholders felt that there would likely be a transition back into office-based working once restrictions and Government guidance changed. However, there would probably be more flexible working arrangements and more working from home on an occasional basis going forwards.
- 8.84 Some stakeholders identified that COVID-19 was unlikely to change anything in terms of the primary drivers of businesses in Telford & Wrekin, although there was likely to be lower demand for office space in the short term. Stakeholders also noted that these changes in working patterns have highlighted the importance of access to quality public open spaces, public transport and the ability to connect communities. These factors need to be embedded in future economic development plans.
- 8.85 However, despite this shift in working patterns some stakeholders felt there would still be a demand for offices and that many businesses will want to return to how things were before, although demand may shift towards more modern, newer premises. Other stakeholders foresaw that declining demand for offices overall would lead to potential problems with securing investment for delivery of new office space. The potential effect on multi-tenanted office buildings within Telford & Wrekin could be a reduction in occupancy rates and a subsequent reduction in rental income.
- 8.86 Stakeholder feedback indicates that the financial, professional and business services sector has been less negatively impacted by COVID-19 than other sectors and future growth in this sector is still forecast.
- 8.87 Stakeholders identified a change in consumer trends, particularly towards increased use of online retail and other services – a trend that many expect to continue for the foreseeable future.
- 8.88 COVID-19 is also expected to have a negative impact on student and staff recruitment at local universities, at least in the short-term.
- 8.89 Whilst foreign investment has declined in recent times (likely due to the combined effects of Brexit and COVID-19) Telford & Wrekin has maintained a comparatively strong pipeline of investment projects and this is expected to continue into the future.
- 8.90 Stakeholders felt there was a need for continued support for local businesses as the pandemic continues, particularly in terms of safeguarding existing jobs and tax deferment.

**g) Summary**

- 8.91 Brexit and COVID represent largely unprecedented phenomena to the national, and local economy. This section has considered the risks that COVID / Brexit impact in two ways:
- Jobs retention and growth, which affects future job levels; and
  - Changing working patterns, which affects the quantum of employment floorspace needed in future.
- 8.92 In terms of job retention and growth, the analysis suggests that Telford & Wrekin has

relatively few of the high risk characteristics, and a relatively low proportion of jobs (either exiting or forecast growth) in sectors which are at high risk due to Brexit and COVID.

- 8.93 All of the forecasts take account of both Brexit and COVID but make a range of different modelling assumptions which result in the range of different outputs. This section provides a useful assessment of the forecasts in terms of the risks to the sectoral growth shown in each forecast due to Brexit and COVID-19. This suggests that neither of the CE or Experian forecasts are overly reliant on growth in jobs in the high risk sectors, and the Growth Scenario does not add any growth in high risk sectors beyond that seen in the Experian forecast.
- 8.94 However, as the forecasts have already taken account of Brexit and COVID in their modelling, it is not considered appropriate to develop further sensitivity scenarios based on this analysis as this would mean taking account of the impacts of Brexit and COVID for a second time.
- 8.95 Considering the impact of COVID on changing working patterns, the analysis shows that the lockdown restrictions have necessitated the increase in homeworking and this means a number of the barriers to homeworking have been overcome. This suggests that there will likely be higher levels of working from home in future, even once COVID-related restrictions and measures have been lifted.
- 8.96 This suggests that calculations of future employment land should take account of the changing working from home patterns. However, it would be unrealistic to assume the post-lockdown levels of remote working will continue. We have taken account of this by estimating increasing rates of home working throughout the plan period. Homeworkers are then discounted from the calculations of future employment land requirements. This is set out in detail in Section 9.

## 9.0 FUTURE EMPLOYMENT LAND NEEDS

### a) Labour Demand Scenarios

- 9.1 This section considers the level of employment land needed to support the level of employment growth shown in each of the econometric forecasts. This is one of the approaches to assessing future need – the ‘labour demand’ approach – as set out in PPG. The labour demand approaches should be considered alongside other approaches and economic and contextual data set out in the other sections of this report.
- 9.2 The starting point for the labour demand scenarios is the econometric forecasts. These are set out in more detail in Section 7. Three forecasts are considered:
- Cambridge Econometrics (CE)
  - Oxford Economics (OE)
  - Experian
- 9.3 These forecasts have been assessed at a more detailed level to identify the extent to which they reflect local circumstances and economic drivers in Telford & Wrekin which have been identified as part of the commercial market assessment and through stakeholder consultation with the LEP and local businesses and commercial agents (set out in section 6).
- 9.4 The employment outputs of each forecast are set out below. Note, the figures in these tables may not sum exactly due to rounding.

**Table 46. CE – Total Employment Growth**

	2020	2040	Net Change 2020-40
Agriculture etc	700	600	-100
Mining & quarrying	100	0	-100
Manufacturing	14,200	13,500	-700
Electricity, gas & water	1,200	1,200	0
Construction	5,200	5,600	400
Distribution	15,300	15,300	0
Transport & storage	4,300	5,000	700
Accommodation & food services	2,900	5,600	2,700
Information & communications	3,900	5,700	1,800
Financial & business services	19,700	23,300	3,600
Government services	22,400	26,000	3,600
Other services	3,800	3,800	0
<b>Total</b>	<b>93,600</b>	<b>105,700</b>	<b>12,100</b>

**Table 47. OE – Total Employment Growth**

	<b>2020</b>	<b>2040</b>	<b>Net Change 2020-40</b>
Agriculture, forestry and fishing	500	400	-100
Mining and quarrying	100	0	-100
Manufacturing	14,800	9,800	-5,000
Electricity, gas, steam	100	100	0
Water supply, sewerage, waste	1,000	800	-200
Construction	4,000	4,300	300
Wholesale and retail trade	15,000	14,500	-500
Transportation and storage	3,700	3,700	0
Accommodation and food service	3,400	3,700	300
Information and communication	4,500	5,000	500
Financial and insurance	2,400	2,300	-100
Real estate	2,100	2,200	100
Professional, scientific and technical	5,000	5,900	900
Administrative and support service	10,700	13,200	2,500
Public administration and defence	5,000	4,300	-700
Education	8,600	8,600	0
Human health and social work	8,800	9,900	1,100
Arts, entertainment and recreation	1,100	1,500	400
Other service activities	2,100	2,000	-100
<b>Total</b>	<b>93,000</b>	<b>92,100</b>	<b>-900</b>

**Table 48. Experian – Total Employment Growth**

	2020	2040	Net Change 2020-40
Agriculture, Forestry & Fishing	900	400	-500
Extraction & Mining	0	0	0
Fuel Refining	0	0	0
Computer & Electronic Products (manufacture of)	1,000	800	-200
Food, Drink & Tobacco (manufacture of)	1,300	1,300	0
Machinery & Equipment (manufacture of)	2,100	1,500	-600
Metal Products (manufacture of)	2,800	2,500	-300
Non-Metallic Products (manufacture of)	1,800	1,700	-100
Other Manufacturing	500	500	0
Pharmaceuticals (manufacture of)	0	0	0
Printing and Recorded Media (manufacture of)	600	400	-200
Textiles & Clothing (manufacture of)	400	200	-200
Transport Equipment (manufacture of)	3,000	3,600	600
Wood & Paper (manufacture of)	900	800	-100
Chemicals (manufacture of)	0	0	0
Utilities	1,000	1,100	100
Construction of Buildings	700	800	100
Civil Engineering	600	600	0
Specialised Construction Activities	2,500	2,800	300
Retail	7,300	8,200	900
Wholesale	7,800	8,600	800
Land Transport, Storage & Post	4,000	5,300	1,300
Air & Water Transport	0	0	0
Accommodation & Food Services	3,900	4,600	700
Telecoms	0	0	0
Computing & Information Services	3,600	4,600	1,000
Media Activities	600	700	100
Insurance & Pensions	1,400	1,600	200
Finance	900	1,300	400
Real Estate	2,100	2,600	500
Professional Services	4,200	5,400	1,200
Administrative & Supportive Services	11,300	14,800	3,500
Public Administration & Defence	5,100	4,900	-200
Education	8,600	10,000	1,400
Health	4,900	6,300	1,400
Residential Care & Social Work	4,200	5,800	1,600
Recreation	1,200	1,300	100
Other	2,200	2,400	200
<b>Total</b>	<b>93,400</b>	<b>107,400</b>	<b>14,000</b>

- 9.5 Section 7 sets out more detailed analysis of the forecasts at a sectoral and sub-sectoral basis to consider the extent to which the forecasts reflect the LEP's Local Industrial Strategy (LIS) is implicitly included in the data and the extent to which the LIS is reflected in the future level of employment growth shown in each forecast. This analysis highlighted that there are several sectors where the recent, current, and expected future performance is not reflected in some or all of the forecasts. As such, for these sectors the forecasts do not appear to capture local drivers of growth.
- 9.6 A Growth Scenario has been developed which seeks to reflect the local drivers of growth in the Telford & Wrekin economy. This reflects the LEP's growth plans as set out in the LIS and a range of feedback received from the stakeholder engagement.
- 9.7 A detailed sectoral analysis of the forecasts and adjustment made to create the Growth Scenario are set out in Section 7. The Growth Scenario makes adjustments to the following sectors. For these sectors, the Growth Scenario is based on the trend of jobs growth in that sector seen in Telford & Wrekin over the past 10-year period:
- Advanced manufacturing and engineering – An increase in manufacturing jobs has been made to account for growth in advanced manufacturing sectors. Adjustments are made to a number of manufacturing sub-sectors where recent growth rates are not reflected in the future forecasts.
  - Technical testing and Analysis – This sub-sector has seen strong recent growth in Telford & Wrekin. However, the analysis suggests this growth is already accounted for in the forecast. Therefore no adjustment has been made.
  - Defence and Security – Spread across a number of sectors, for Telford & Wrekin jobs are mostly in cyber security and related programming services. The analysis suggests this growth is already accounted for in the forecast. Therefore no adjustment has been made.
  - Environmental Technology – While one of the LEP's growth sectors the analysis does not show this as being a relative strength in the Telford & Wrekin economy. Therefore no adjustments have been made.
  - Food Manufacturing and Processing – Recent strong growth in this manufacturing sub-sector are not reflected in the future forecasts. Therefore, adjustments are made to reflect this.
- 9.8 Table 49 sets out the growth in total employment showed in the Growth Scenario. As set out in Section 7, the Growth Scenario is based on the Experian forecast but with adjustments made to the key growth sectors identified in the LEP LIS.

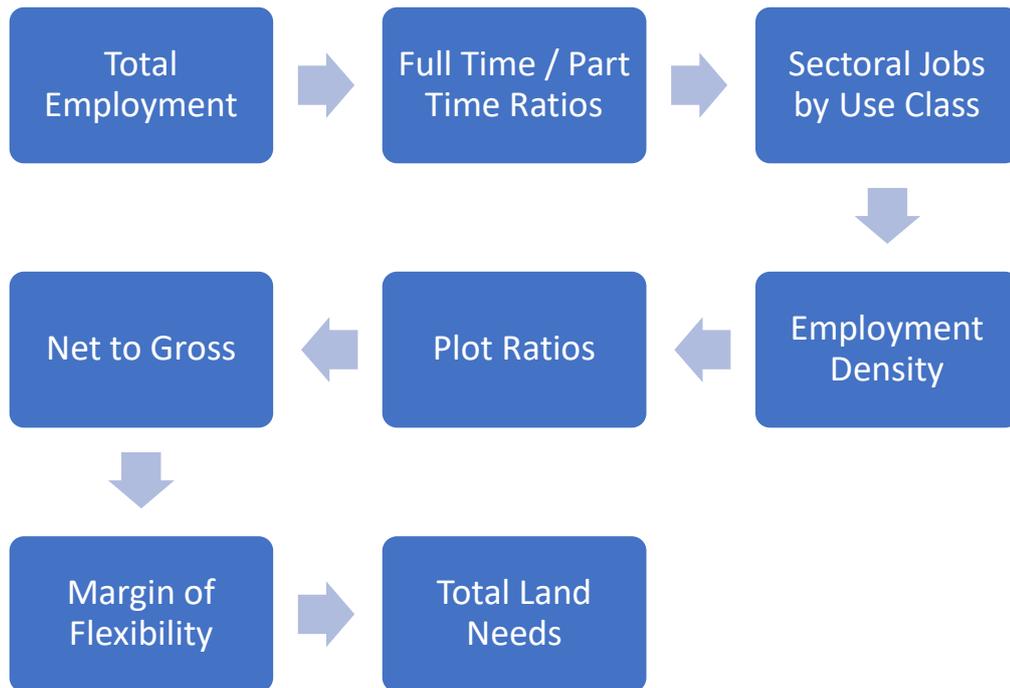
**Table 49. Growth Scenario – Total Employment Growth**

	2020	2040	Net Change 2020-40
Agriculture, Forestry & Fishing	900	900	0
Extraction & Mining	0	0	0
Fuel Refining	0	0	0
Computer & Electronic Products (manufacture of)	1,000	800	-200
Food, Drink & Tobacco (manufacture of)	1,300	1,700	400
Machinery & Equipment (manufacture of)	2,100	2,100	0
Metal Products (manufacture of)	2,800	3,600	800
Non-Metallic Products (manufacture of)	1,800	2,200	400
Other Manufacturing	500	500	0
Pharmaceuticals (manufacture of)	0	0	0
Printing and Recorded Media (manufacture of)	600	400	-200
Textiles & Clothing (manufacture of)	400	200	-200
Transport Equipment (manufacture of)	3,000	3,600	600
Wood & Paper (manufacture of)	900	800	-100
Chemicals (manufacture of)	0	0	0
Utilities	1,000	1,100	100
Construction of Buildings	700	800	100
Civil Engineering	600	600	0
Specialised Construction Activities	2,500	2,800	300
Retail	7,300	8,200	900
Wholesale	7,800	8,600	800
Land Transport, Storage & Post	4,000	5,300	1,300
Air & Water Transport	0	0	0
Accommodation & Food Services	3,900	4,600	700
Telecoms	0	0	0
Computing & Information Services	3,600	4,600	1,000
Media Activities	600	700	100
Insurance & Pensions	1,400	1,600	200
Finance	900	1,300	400
Real Estate	2,100	2,600	500
Professional Services	4,200	5,400	1,200
Administrative & Supportive Services	11,300	14,800	3,500
Public Administration & Defence	5,100	4,900	-200
Education	8,600	10,000	1,400
Health	4,900	6,300	1,400
Residential Care & Social Work	4,200	5,800	1,600
Recreation	1,200	1,300	100
Other	2,200	2,400	200
<b>Total</b>	<b>93,400</b>	<b>110,500</b>	<b>17,100</b>

**b) Labour Demand Modelling**

9.9 The approach to modelling the labour demand scenarios is set out in the flow chart below. The starting point for each scenario is the total net growth in employment in each sector shown in each forecast. Other than these differing inputs the modelling assumptions made are consistent for each scenario.

**Figure 53. Approach to Employment Land Needs Modelling**



9.10 The modelling assumptions for each stage of the process are set out in the table below.

**Table 50. Labour Demand Modelling Assumptions**

#	Stage	Description
i	Full Time Equivalent Jobs	Full time equivalent (FTE) jobs has been calculated for each sector based on the ratio of full-time and part-time employment jobs for each sector from BRES. An average for each sector was taken for the years 2015-18.
ii	Sectoral Jobs by Use Class	The proportion of jobs in each sector is disaggregated by the type of employment (B Class) <sup>4</sup> use class and non-employment use classes. The use classes are: <ul style="list-style-type: none"> <li>• B1a – office</li> <li>• B1b – Research and development office</li> <li>• B1c – Light Industrial</li> <li>• B2 – General Industrial</li> <li>• B8 – Distribution</li> </ul>

<sup>4</sup> It is noted that B1 uses now come under the new Class E. However, the modelling takes account of the employment densities set out in the HCA Employment Densities Guide 3<sup>rd</sup> Edition which provides figures in terms of the B Class sectors.

#	Stage	Description
		<ul style="list-style-type: none"> <li>• Other (any jobs not requiring B Class space)</li> </ul> <p>The use class proportions for each sector are based on detailed (SIC4 sub-sectors) BRES data for each sector in Telford &amp; Wrekin's economy. Each SIC4 sub-sector has been allocated a use class, and this is used to calculate the proportional jobs in each sector by use class, where the proportions of each sector reflect the proportions of jobs in each SIC4 sub-sector.</p>
iii	Employment Density	<p>This reflects the quantum of floorspace required for each job. This is informed by the Employment Density Guide 3<sup>rd</sup> Edition (HCA, 2015). The following employment densities are used:</p> <ul style="list-style-type: none"> <li>• B1a office: <ul style="list-style-type: none"> <li>○ Corporate: 13 sqm/job</li> <li>○ Technology / Media / Telecoms: 11 sqm/job</li> <li>○ Professional services: 12 sqm/job</li> <li>○ Public services: 12sqm/job</li> </ul> </li> <li>• B1b Research and Development: 50 sqm/job</li> <li>• B1c Light Industrial: 47 sqm/job</li> <li>• B2 general industrial: 36 sqm/job</li> <li>• B8 distribution: 80 sqm/job</li> </ul> <p>These employment densities reflect fairly average densities for each use class as there was no evidence arising from the commercial market assessment to suggest any alternative assumptions. The B8 employment density assumption is slightly higher than the average size for regional distribution centres (77 sqm/job) reflecting some very large B8 units completed in Telford &amp; Wrekin in recent years.</p> <p>The employment densities have then been adjusted in line with benchmarks in the guidance so that they all relate to gross external area (GEA). The employment densities for B1 are quoted as net internal area (NIA) and have been converted to GEA based on a conversion of 20% for B1a office and 10% for B1b and B1c. The employment densities for B2 are quoted for gross internal area (GIA) and have been converted to GEA based on a conversion of 5%. The employment densities for B8 are quoted as GEA.</p>
iv	Plot Ratios	<p>The next stage is to convert floorspace requirements to land requirements. A plot ratio of 40% has been assumed for all use classes. This is based on the assumption that the majority of the new office space will be delivered at either out of town locations or otherwise lower density urban sites. While it is acknowledged that Telford Town Centre has potential for higher density mixed-use development, this assumption reflects that the majority of office development will not be of this type.</p> <p>It assumes an average plot ratio for industrial uses, and for</p>

#	Stage	Description
		<p>distribution uses representing a relative lack of very large national scale distribution centres.</p> <p>There has been a considerable quantum of open storage delivered in Telford &amp; Wrekin in recent years. This has been accounted for separately in the modelling (see Stage 7 below). Therefore, no adjustment to the plot ratio for B8 uses has been made at this stage.</p>
v	Net to Gross	<p>The econometric forecasts all provide jobs growth on a net basis – i.e. they include for sectors which will see growth and sectors which will see decline. This means figures up to this point are net.</p> <p>The next stage is to convert this to gross development needs. This is done by accounting for the quantum of losses of existing stock which will be expected to be lost over the forecasting period. This is estimated based on past trends of employment land lost to other uses in each authority since 2011/12 annualised and then forecast forward over the 20-year forecasting period.</p>
vi	Demand for Open Storage	<p>Although not reflected in jobs growth and floorspace requirement figures, the completions trend data does show that there have been a reasonable number of developments for sites to be used for open storage.</p> <p>These developments do not typically support high numbers of jobs and the relationship between jobs and land requirement is relatively tenuous.</p> <p>However, clearly there is a demand for such uses in Telford &amp; Wrekin and it is therefore necessary to consider additional provision to the employment land requirement resulting from the jobs growth forecasting to ensure that this demand is catered for. This additional provision is based on the past trend completions data.</p>
vii	Changing Trends in Working from Home	<p>Another key factor arising from the stakeholder engagement is that the number of people working from home is expected to increase. The lockdown following the outbreak of COVID-19 has enforced many more people to work from home.</p> <p>The lockdown rate of homeworking is not expected to continue in the long-term, and levels are expected to drop as social distancing measures are reduced. However, the stakeholder engagement has revealed that this process has meant many of the barriers to home working have been overcome for significant numbers of businesses.</p> <p>The impact that this could have on the amount of B Class space required to support the forecast jobs growth has been modelled in a series of sensitivities to the main modelling.</p>
viii	Margin of Flexibility	<p>For the final stage we have added a margin of flexibility. This reflects the following factors:</p> <ul style="list-style-type: none"> <li>To allow greater flexibility to support changing business</li> </ul>

#	Stage	Description
		<p>needs;</p> <ul style="list-style-type: none"> <li>To provide a choice of sites to facilitate competition in the property market;</li> <li>To provide flexibility to allow for any delays in individual sites coming forward;</li> <li>The potential error margin associated with the forecasting process.</li> </ul> <p>The size of the margin of flexibility depends on the location and local drivers of demand. Generally, a margin of between 2 and 5 years' worth of completions is usually considered reasonable.</p> <p>One of the key findings of the stakeholder engagement is that a high level of flexibility of supply is required in order to be in a position to respond to emerging needs of both indigenous businesses and to continue to attract inward investment opportunities.</p> <p>Accordingly, we have calculated the margin of flexibility based on 5 years' worth of completions.</p>
ix	Total Land Needs	<p>Outputs are provided in terms of hectares required for each type of employment use. The use classes have been combined in terms of B1a/b office, B1c/B2 industrial, and B8 distribution. This is in order to provide an indication of demand for each type of use. However, it is recommended the Council are flexible with regard to allocating land for specific types of (B Class) employment use at the detriment to other types of employment uses.</p>

9.11 The starting point for the labour demand modelling is the jobs growth forecasts. A worked example of this process is set out below based on the CE forecast<sup>5</sup>. The scenarios based on the other forecasts take the same approach and use the same modelling assumptions. The CE, OE, and Experian forecasts all provide slightly different sectoral breakdowns and so the model has been calibrated, where necessary, to support each forecast by dividing sectors on a proportional basis, thereby ensuring consistency in modelling between scenarios. Note, figures in the following tables may not sum exactly due to rounding.

**i) Full Time Equivalent (FTE) jobs**

9.12 The first stage is to calculate the FTE jobs. This is calculated individually for each sector in each forecast.

<sup>5</sup> The CE forecast has been chosen as a worked example due to it disaggregating outputs across a smaller number of sectors making than the Experian forecast, and thus making the findings easier to present.

**Table 51. CE – FTE Jobs Growth 2020-40**

	<b>FTE %</b>	<b>FTE Growth 2020-40</b>
Agriculture etc	97%	-
Mining & quarrying	100%	-
Manufacturing	97%	-700
Electricity, gas & water	94%	-
Construction	94%	400
Distribution	82%	-
Transport & storage	94%	700
Accommodation & food services	70%	1,900
Information & communications	94%	1,700
Financial & business services	89%	3,200
Government services	79%	2,800
Other services	81%	-
<b>Total</b>	<b>86%</b>	<b>9,900</b>

ii) ***Sectoral Jobs by Use Class***

9.13 This estimates the number of jobs which will require each type of B Class premises and other (non-B Class) space. This is based on estimates of the current breakdown of jobs for each sector using detailed analysis of BRES data. The jobs growth for each type of employment uses is shown in the table below:

**Table 52. CE – Jobs Growth by Use Class 2020-40**

	<b>B1a/b</b>	<b>B1c/B2</b>	<b>B8</b>	<b>Non B Class</b>
Agriculture etc	-	-	-	-
Mining & quarrying	-	-	-	-
Manufacturing	-	-700	-	-
Electricity, gas & water	-	-	-	-
Construction	-	100	100	200
Distribution	-	-	-	-
Transport & storage	-	-	600	100
Accommodation & food services	-	-	-	1,900
Information & communications	1,700	-	-	-
Financial & business services	3,100	100	-	100
Government services	600	-	-	2,300
Other services	-	-	-	-
<b>Total</b>	<b>5,300</b>	<b>-500</b>	<b>700</b>	<b>4,400</b>

iii) **Employment Density**

9.14 Applying the average employment densities results in the floorspace requirement for each type of B Class use. The floorspace (sqm) is shown in the table below:

**Table 53. CE – Floorspace (sqm) by Use Class 2020-40**

	<b>B1a/b</b>	<b>B1c/B2</b>	<b>B8</b>	<b>Total</b>
Agriculture etc	-	-	-	-
Mining & quarrying	-	-	-	-
Manufacturing	-	-27,500	-	-27,500
Electricity, gas & water	-100	-100	-	-200
Construction	-	4,000	8,100	12,100
Distribution	-	-	500	500
Transport & storage	-	-	49,100	49,100
Accommodation & food services	-	-	-	-
Information & communications	22,000	-	-	22,000
Financial & business services	50,600	3,000	-	53,600
Government services	8,100	-	-	8,100
Other services	-100	-500	-	-600
<b>Total</b>	<b>80,600</b>	<b>-21,100</b>	<b>57,700</b>	<b>117,200</b>

iv) **Plot Ratios**

9.15 The plot ratios allow an estimation of the land required to accommodate the identified quantum of floorspace identified above. This is the net employment land required to support the level of additional jobs growth shown in the econometric forecasts.

9.16 The first four stages of the modelling provide outputs in terms of net employment land needs – the quantum of land required purely to meet the jobs growth shown in the econometric forecasts. The outputs for each forecast and authority are shown in the tables on the following pages.

9.17 The net employment demand figures range from a net loss of -48.2ha of the OE scenario to a gain of 72.8 ha in the Growth Scenario. The three baseline forecasts show a net loss of B1c/B2 industrial land driven by net losses in manufacturing jobs. However in the CE and Experian forecasts this is offset by growth for B1a/b and B8 space. This is not the case for the OE forecast which shows a net loss of 48.2ha of employment land.

**Table 54. Net Employment Land Needs (ha), 2020-40**

	<b>B1a/b</b>	<b>B1c/B2</b>	<b>B8</b>	<b>Total</b>
CE	20.1	-5.3	14.4	29.3
OE	3.5	-50.1	-1.6	-48.2
Experian	11.4	-7.3	42.0	46.2
Growth	11.4	19.4	42.0	72.8

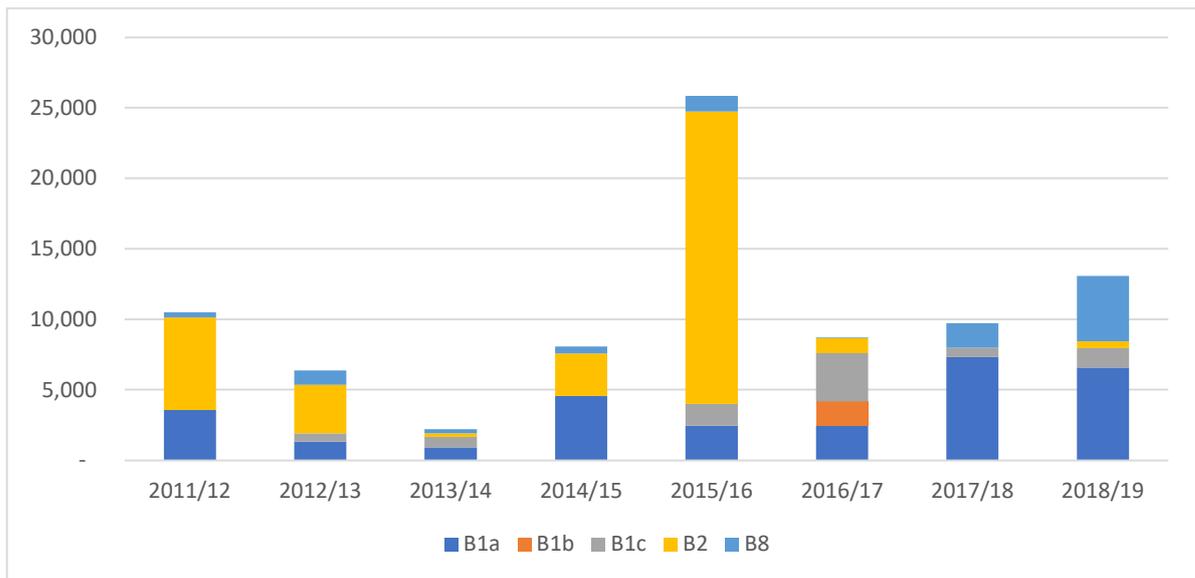
v) **Net to Gross Needs**

9.18 The figures in the table above show the net need for employment land to support the levels of jobs growth in the forecasts. In addition to this, there will also be an employment land requirement arising from the need to update and replace existing stock. This is calculated by

looking at the trend of losses of B Class employment land to alternative (non-B Class) uses and using this to forecast expected future losses of employment land.

- 9.19 The figure below shows the net losses of employment land in Telford & Wrekin since 2011. This shows in total almost 85,000 sqm of B Class floorspace has been lost over this period – equivalent to 10,561 sqm per annum.
- 9.20 Assuming this level of losses continues over the plan period would mean that a further 211,000 sqm of employment land will be lost. It is important that this is adequately deprovisioned or else there will not be sufficient employment land to support the net growth in jobs over the plan period.

**Figure 54. Employment Floorspace Losses – 2011-19**



Source: SPRU analysis of local authority data

- 9.21 The net losses data has been annualised and then multiplied by twenty to identify the replacement demand required for the forecasting period. This is then converted to land requirement using the plot ratios used in the main labour demand modelling. This replacement demand is then added to the net requirement in order to estimate gross needs.

**Table 55. Replacement Demand (ha), 2020-40**

	B1a/b	B1c/B2	B8	Total
Replacement Demand	19.3	27.4	6.1	52.8

**vi) Demand for Open Storage**

- 9.22 Analysis of the past completions data (see Section 6) identified that there is a need for land for open storage in Telford & Wrekin. The evidence suggests that in Telford & Wrekin demand for open storage sites is primarily for the storage of vehicles, vehicle parts, and building materials.
- 9.23 This is additional to the labour demand employment land requirement identified above which is based on the amount of floorspace required to meet forecast jobs growth.
- 9.24 Generally, there is a weaker link between land required for open storage and jobs growth. The land requirement is generally more strongly related to the type of item being stored at a site rather than the number of workers supported by the site. Furthermore, the modelling

process then estimate the quantum of floorspace required to meet the growth in jobs, which is not applicable to open storage.

- 9.25 Therefore, calculation of future land requirements for open storage is based on the completions trend data (set out in Section 6). Excluding the outlier at Ercall, there has been an average annual delivery of 0.53 ha of land for open storage in Telford & Wrekin per annum. Extrapolating this for the 20-year plan period identifies a need for 10.7 ha of land for open storage.

**Table 56. Open Storage Requirement (ha), 2020-40**

	Total
Open Storage	10.7

**vii) *Changing Trends in Working from Home***

- 9.26 As set out in Section 8, one of the largest impacts of COVID-19 and the subsequent lockdown restrictions has been the numbers of people working from home. A repeated theme of the stakeholder engagement has been that this has resulted in many of the barriers to home working being overcome out of necessity.
- 9.27 The removal of these barriers suggests that the prevalence of remote working is likely to increase in future. However, the scale of growth is currently unclear. Lockdown restrictions remain widespread meaning the current level of remote working is unlikely to be sustained. Conversely, a continuation of pre-COVID levels also seems unlikely.
- 9.28 Remote working is traditionally factored into employment land modelling implicitly via the employment densities from the HCA Employment Densities Guide (2015). These figures consider the average amount of floorspace required per worker for different uses. It factors levels of remote working – such as hotdesking and agile working – into the employment density ratios.
- 9.29 There are a number of barriers to home working. Three main issues have been identified:
- Technological barriers
  - Corporate attitudes towards homeworking and fears about reduced productivity
  - Limitations on teamworking, training, and client facing
- 9.30 These barriers have meant that the growth in the proportion of workers mainly working from home is relatively small and growth has been relatively slow. It also raises significant questions about the scale of future growth in the rates of homeworking, and none of the recognised forecasting houses produce forecasts of how this might increase in future.
- 9.31 Feedback from stakeholders suggests that enforced homeworking due to COVID-19 has resulted in the first two of these barriers being overcome, at least to some degree. However, the third barrier largely remains. This suggests that this would likely result in increased working from home in the future, but this differs greatly between different sectors.
- 9.32 We have therefore considered how the working from home trends are likely to change from 2015 onwards over the plan period. This has been done using national data on home working from ONS for the period 2012-19. This has been extrapolated forward to 2040 (see section 8 for details). This is done for each sector and results in a total proportion of home working of 9.0% by 2040 although for some (predominantly office-based) sectors this is higher – the highest is IT and Communications which grows to 23.3% by 2040. Using 2015 as a base-date – as this aligns with the latest HCA employment densities data – we have calculated the increase in the proportion of homeworking for each year to 2040.

**Table 57. Percentage Working from Home per Sector<sup>6</sup>**

	2015	2040
Manufacturing	3.7%	6.9%
Electricity, gas, air cond supply	1.9%	14.1%
Water supply, sewerage, waste	2.4%	4.5%
Construction	4.1%	7.3%
Wholesale, retail, repair of vehicles	3.4%	6.1%
Transport and storage	1.5%	2.9%
Accommodation and food services	3.6%	2.4%
Information and communication	14.4%	23.3%
Financial and insurance activities	4.3%	13.3%
Real estate activities	14.7%	15.3%
Prof, scientific, technical activ.	12.0%	17.8%
Admin and support services	5.2%	10.4%
Public admin and defence	1.8%	6.2%
Education	2.3%	5.8%
Health and social work	3.6%	5.8%
Arts, entertainment and recreation	10.6%	12.6%
Other service activities	8.8%	13.9%
<b>Total</b>	<b>5.3%</b>	<b>9.0%</b>

Source: Derived from ONS data

- 9.33 The increase in homeworking for each sector is then factored into the employment land modelling for Telford & Wrekin. This identifies the number of jobs growth in each sector by 2040 which will not require additional floorspace. (This only accounts for the growth since 2015 so the implicit homeworking assumptions in the HCA employment densities remain in the modelling). The additional homeworkers are assumed not to require additional floorspace and so are discounted from the analysis at Stage 3 in the table above.
- 9.34 The changes in working from home rates applies to all jobs in Telford & Wrekin, not just the additional jobs shown in the forecasts. Even though the OE forecast shows a negative jobs growth, the increasing working from home rates further reduce employment land needs under this scenario.
- 9.35 This results in a reduction to the overall floorspace requirements for each of the labour demand scenarios. This is different for each forecast due to the different proportions of growth in each sector. The CE, Experian, and Growth forecasts all show a similar working from home reduction of 13.2-14.6ha. This represents a reduction of between 8-11%.

**Table 58. Adjustment to Account for Homeworking (ha), 2020-40**

	B1a/b	B1c/B2	B8	Total	% of Overall
CE	-6.6	-4.2	-3.7	-14.6	11%
OE	-3.2	-2.8	-3.7	-9.7	63%
Experian	-3.6	-4.1	-5.5	-13.2	9%
Growth Scenario	-3.6	-5.0	-5.5	-14.1	8%

<sup>6</sup> The data for the Agriculture, forestry and fishing and Mining and quarrying sectors has been omitted due to unreliable outputs based on the small sizes of these sectors. This does not affect the employment land requirement figures for Telford & Wrekin.

viii) **Flexibility Margin**

- 9.36 The margin of flexibility has been considered based on a number of years' worth of completions for each authority. It is typical to add between 2-5 years' worth of completions as a margin. Engagement with the commercial property market has identified that flexibility of supply is key in Telford & Wrekin so that sufficient quantum and range of sites are available to support business growth and inward investment opportunities. Therefore, we have included a margin of flexibility equivalent to 5 years' worth of completions data.

**Table 59. Flexibility Margin (ha), 2020-40**

	<b>B1a/b</b>	<b>B1c/B2</b>	<b>B8</b>	<b>Total</b>
Margin	5.2	20.3	18.9	44.5

ix) **Total Employment Land Needs**

- 9.37 Taking the sum of the net employment land needs, the net to gross demand, and the flexibility margin identifies the total employment land requirement for each authority for the range of labour demand scenarios.
- 9.38 The tables below shows the outputs of the labour demand scenarios, which provide a wide range of results. The outputs of the labour demand scenarios are assessed against the other scenarios as well as wider economic and commercial market factors (Section 6), economic baseline (Section 5), and risks of Brexit and COVID-19 (Section 8) in order to inform the overall conclusions on employment land needs for Telford & Wrekin. The figures in the table below should be considered within this context.

**Table 60. Total Employment Land Needs (ha) – Comparison of Labour Demand Scenarios, 2020-40**

<b>Stage</b>	<b>Description</b>	<b>CE</b>	<b>OE</b>	<b>Experian</b>	<b>Growth Scenario</b>
i-iv	Net Growth Needs	29.3	-48.2	46.2	72.8
v	Net to Gross	52.8			
vi	Demand for Open Storage	10.7			
vii	Changing Trends in Working from Home	-14.6	-9.7	-13.2	-14.1
viii	Margin of Flexibility	44.5			
ix	<b>Total Employment Land Needs</b>	<b>122.7</b>	<b>50.1</b>	<b>141.0</b>	<b>166.7</b>

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

**Table 61. Total Employment Land Needs (ha) – Comparison of Labour Demand Scenarios, 2020-40**

	<b>B1a/b</b>	<b>B1c/B2</b>	<b>B8</b>	<b>Total</b>
CE	38.0	38.3	46.4	<b>122.7</b>
OE	24.9	-5.2	30.4	<b>50.1</b>
Experian	32.3	36.4	72.2	<b>140.9</b>
Growth Scenario	32.3	62.2	72.2	<b>166.7</b>

**c) Summary**

- 9.40 This section considers the level of employment land needed to support the level of employment growth shown in each of the econometric forecasts. The starting point for each scenario is the total net growth in employment in each sector shown in each forecast. A series of stages are then taken in order to estimate the quantum of floorspace required to support the scale of economic growth shown in the forecasts:
- The first step is to estimate the full time equivalent (FTE) jobs related to the total jobs growth. This is calculated for each sector based on the ratio of full-time and part-time employment jobs.
  - The next step is to disaggregate the proportion of jobs growth in each sector by the type of employment (B Class) use class and non-employment use classes. This is based on the existing mix of jobs in each sector in Telford & Wrekin.
  - This is translated into floorspace by assessing the quantum of floorspace required for each job using employment densities.
  - The next stage is to convert floorspace requirements to land requirements using a plot ratio, which is the ratio of the size of land required to support the identified quantum of floorspace.
  - The next stage is to convert this to gross development needs. This is done by accounting for the quantum of losses of existing stock which will be expected to be lost over the forecasting period.
  - Additional provision is added to account for the need for open storage. This additional provision is based on the past trend completions data.
  - Account is made of changing trends in working from home which is based on forecast increases in the number of people working from home in each sector.
  - The final stage is adding a margin of flexibility to support changing business needs.
- 9.41 Outputs are provided in terms of hectares required for each type of employment use. The use classes have been combined in terms of B1a/b office, B1c/B2 industrial, and B8 distribution. This is in order to provide an indication of demand for each type of use. However, it is recommended the Council are flexible with regard to allocating land for specific types of (B Class) employment use at the detriment to other types of employment uses.
- 9.42 This process identifies a range of employment land needs figures for Telford & Wrekin for the period 2020-2040. The Experian forecast shows a need for around 140 ha of employment land and the Growth scenario shows a need for around 167 ha.

## 10.0 CONCLUSIONS ON ECONOMIC GROWTH AND EMPLOYMENT LAND NEEDS

### a) Future Economic Growth

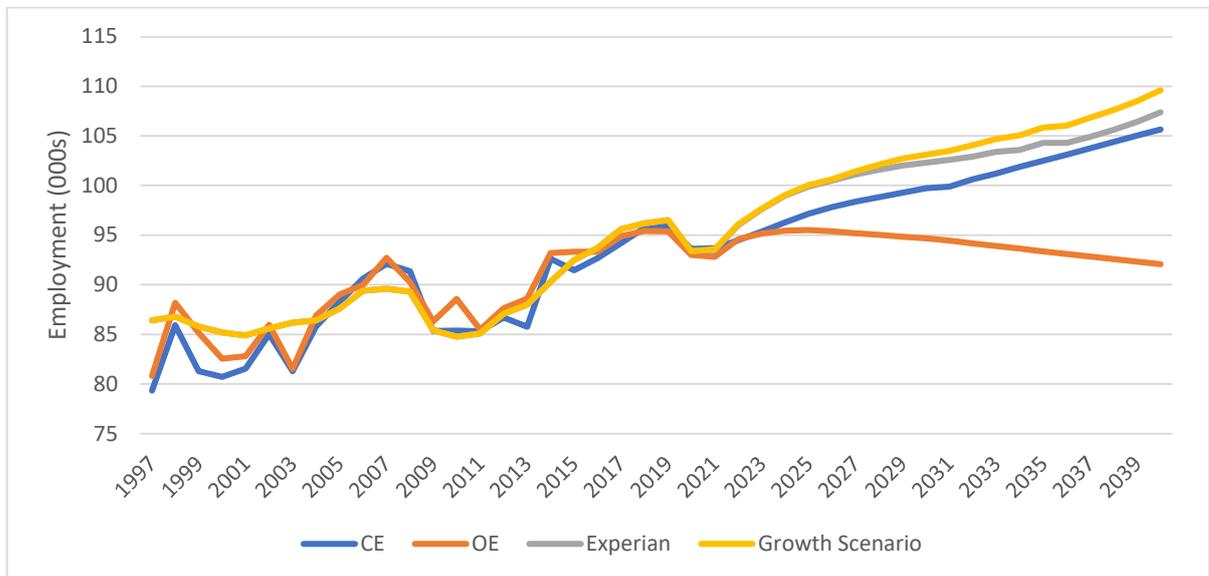
- 10.1 The starting point for assessing future employment growth is the econometric forecasts. Three econometric forecasts have been assessed:
- Cambridge Economics (CE)
  - Oxford Economics (OE)
  - Experian
- 10.2 These forecasts were produced in July 2020 and run to 2040. All forecasts take account of the impacts of Brexit and COVID-19 in their modelling.
- 10.3 The analysis of the forecasts suggests that the Experian and CE forecasts provide the most reasonable forecasts of jobs growth for Telford & Wrekin over the plan period. Conversely, the forecast from OE shows a net loss of jobs over this period which, considered against the wider analysis set out in this report, looks to provide a less reasonable and robust basis for positive planning in Telford & Wrekin. The CE and Experian forecasts show similar overall levels of growth, with the difference being primarily due to Experian expecting a post-COVID bounce for a number of sectors. However, COVID is a largely unprecedented event and so the scale of bounce is very difficult to predict, but the early indicators indicate a positive bounce at a national scale. In this context, planning for a larger bounce would ensure that economic recovery will not be limited by planning policies and should therefore be the recommended approach.
- 10.4 The CE and Experian forecasts differ in terms of their sectoral growth. The CE forecast shows a much higher level of growth in the Accommodation and food services sector while the Experian forecast shows a much higher growth in the Financial, professional & business services sector. For both these sectors the Experian forecast looks more reasonable for Telford & Wrekin.
- 10.5 The Manufacturing sector is forecast net job losses in all forecasts, although the scale of losses varies – with CE the lowest showing a loss of 700 jobs, Experian shows a slightly higher loss of 1,300 jobs, but OE is considerably higher at 5,000 job losses. A detailed analysis of the manufacturing sub-sectors shows that there is a strong specialism in Advanced manufacturing and Food and drink manufacturing in Telford & Wrekin and these sub-sectors have performed particularly well in Telford & Wrekin in recent years. This analysis, and feedback from the stakeholder engagement and LEP suggest that these manufacturing sub-sectors will continue to perform well. This suggests that the forecasts might not adequately take account of these sub-sectors, which was considered in more detail when devising the Growth scenario, as set out below.

**Table 62. Forecast Jobs Growth by Broad Sector, 2020-40**

	<b>CE</b>	<b>Experian</b>	<b>OE</b>
Agriculture, Forestry & Fishing	-20	-500	-70
Extraction & Mining	-40	0	-40
Manufacturing	-700	-1,300	-5,000
Utilities	-30	100	-200
Construction	400	500	200
Wholesale & Retail	20	1,700	-500
Transport & storage	800	1,300	-60
Accommodation, Food Services & Recreation	2,700	800	300
Information & communication	1,800	1,200	500
Financial, Professional & Business Services	3,600	6,000	3,700
Public Services	3,600	4,100	400
<b>Total</b>	<b>12,130</b>	<b>13,900</b>	<b>-770</b>

- 10.6 A Growth Scenario has been developed in order to reflect the Marches LEP's Local Industrial Strategy (LIS). This is based on the Experian forecast, which is considered to provide a more reasonable forecast for future jobs growth in Telford & Wrekin than the other forecasts. However, adjustments have been made to some sectors to reflect the LIS, recent growth trends, commercial indicators, and stakeholder feedback. The following sectors have been adjusted upwards in the Growth Scenario:
- Advanced manufacturing:
    - Manufacture of Machinery & Equipment
    - Manufacture of Metal Products
    - Manufacture of Non-Metallic Products
  - Manufacture of Food and Drink
- 10.7 In addition, the Agriculture, forestry and fishing sector is based on the CE forecast rather than the Experian forecast.
- 10.8 This results in a Growth forecast which shows a growth of 17,100 net additional jobs over the plan period 2020-40. This represents an annual growth of 853 jobs compared to 700 in the Experian forecast.

**Figure 55. Comparison of Jobs Growth Forecasts**



- 10.9 The Growth forecast shows an annual growth rate of 0.8% per annum compared to 0.7% in the Experian forecast. For comparison, the growth rate seen in Telford & Wrekin since the last ‘trough’ in 2011 is 1.0% per annum. However, the forecast growth factors in the macro-economic impacts of Brexit and COVID-19 so in this context this future level of growth looks positive yet realistic.

**Table 63. Comparison of Forecasts for Telford & Wrekin**

	Jobs Growth 2020-40	Annual Growth Rate 2020-40
<b>CE</b>	12,063	0.61%
<b>OE</b>	-923	-0.05%
<b>Experian</b>	14,000	0.70%
<b>Growth Forecast</b>	17,100	0.80%

**b) Risks Due to Brexit and COVID-19**

- 10.10 Brexit and COVID-19 are two events which are likely to have significant impact on future economic performance for all local authorities in the forthcoming years.
- 10.11 The UK voted to leave the EU in a referendum vote in June 2016. Since then, a number of proposed leave dates have been agreed and subsequently revised, with the UK eventually leaving in January 2020. The UK is currently in a ‘transition period’, which is currently set to last until the end of 2020. What happens from 1 January 2021 will depend on the outcome of the negotiations between the UK and the EU which are currently ongoing.
- 10.12 In the first half of 2020 the UK was hit by the Coronavirus (COVID-19) pandemic which has had a significant impact on the global, national, and local economy. The forecasts used in this assessment take account of the impact of COVID-19. However, the full scale of the impact is currently still emerging and, due to the unprecedented nature of the event, the future impact remains highly uncertain.
- 10.13 Both of these factors have been taken into account in the econometric forecasts which informs the analysis in this report. However, both of these events are unprecedented in their nature and scale and so any future economic scenarios need to be treated with caution. In light of this, analysis has been undertaken to identify which sectors are most at risk due to

Brexit and COVID-19 and the extent to which these at-risk sectors are present in Telford & Wrekin's economy and in the future economic growth forecasts.

- 10.14 The analysis identifies the sectors most at risk of seeing lower levels of jobs growth or job losses due to Brexit. Currently 24% of jobs in Telford & Wrekin are in high risk sectors, while 47% are moderate risk, and 29% are low risk. The level of future jobs growth shown in the forecasts shows similar proportions: 22-29% of forecast jobs growth is in high risk sectors, while 40-51% of growth is in moderate risk sectors, and 27-33% are low risk.
- 10.15 Overall, this analysis suggests that the majority of existing jobs and forecast growth within the Telford & Wrekin economy are not considered to be at high risk of negative consequences of Brexit.
- 10.16 For COVID-19, the data shows that for current jobs in Telford & Wrekin only 12% are in the high risk sectors, 37% in moderate risk sectors, and the majority (51%) in low risk sectors. The economic forecasts show jobs growth in high risk sectors accounting for 14-29% of net jobs growth, conversely low risk sectors account for between 65-74% of future jobs growth. Again, this suggests that the majority of existing jobs and forecast growth within the Telford & Wrekin economy are not considered to be at high risk of negative consequences of COVID-19.
- 10.17 However, the analysis has shown that the lockdown restrictions due to COVID-19 have resulted in considerable numbers of the workforce working from home. Whether these are long term changes to working practices remains to be seen. Going forward, as lockdown restrictions are eased, the 'new normal' is unlikely to see a continuation of this level of home working but equally it is unlikely to drop back to pre-COVID levels.
- 10.18 Nonetheless, this is clearly a salient issue and one which will need to be addressed in the employment land modelling to ensure robustness of the figures. Therefore, the impact of home working has been factored into the modelling for the employment land needs figure.
- 10.19 The changes in working from home rates have been calculated by extrapolating the growth trend in home working for each sector at a national level to 2040. This shows the total proportion of home working increasing to 9.0% by 2040 – an increase of 3.6% on 2015 rates, but this differs greatly for each sector. For some (predominantly office-based) sectors this is notably higher – the highest is IT and Communications which grows to 23.3% by 2040. These rates are then applied to the economic forecasts for Telford & Wrekin to identify the number of jobs which are likely to be worked from home and therefore reduce the need for employment floorspace.

**c) Future Employment Land Needs**

- 10.20 Future employment land needs have been calculated using a number of different scenarios.
- 10.21 The starting point for the labour demand scenarios is the econometric forecasts, which identifies the Experian forecast and the Growth forecast as the most appropriate basis for future planning. The labour demand scenarios take the following factors into account:
  - Full time equivalent (FTE) jobs has been calculated for each sector.
  - The proportion of jobs in each sector is divided by the type of employment (B Class) use class and non-employment use classes.
  - Employment density to reflect the quantum of floorspace required for each job.
  - Plot ratios to convert floorspace requirements to land requirements.
  - This identifies a net need for employment land (i.e. to meet the net jobs growth). The next stage is to convert this to gross development needs. This is done by accounting for the quantum of losses of existing stock which will be expected to be lost over the

forecasting period.

- Account for the need for open storage. This reflects past trend data which shows that there is demand for employment developments for sites to be used for open storage.
- Account for changing working from home trends.
- For the final stage we have added a margin of flexibility.

10.22 This process identifies the gross employment land requirements for Telford & Wrekin over the period from 2020-40, as set out in the table below.

10.23 Also set out below are two scenarios based on past completion trends based on monitoring data recorded by the Council for 2011-19. Development in Telford & Wrekin over this period has been relatively strong and has seen a significant amount of inward investment brought into the borough. The completions trend scenarios identify the gross employment land requirement assuming that past trends seen over this period were to continue to 2040. These scenarios also take account of the demand for open storage as shown in the completions data.

10.24 Two completions trend scenarios are shown – one including the development of 84,000 sqm of new floorspace at MOD Donnington delivered in 2016/17. This comprised one very large (875,000 sqft / 81,290 sqm) warehouse unit as well as 2,787 sqm of office space. This development is significantly larger than other completions in Telford & Wrekin during this period and make a significant impact on the overall requirement figures – 135.9 ha if this development is not included in the analysis, and 188.5 ha if it is included.

**d) Overall Conclusions of Gross Employment Land Needs**

10.25 The employment land needs identified in each scenario is set out in the table below.

**Table 64. Total Employment Land Needs (ha) 2020-40 – Comparison of Scenarios**

	<b>B1a/b</b>	<b>B1c/B2</b>	<b>B8</b>	<b>Total</b>
Labour Demand – Experian	32.3	36.4	72.2	<b>140.9</b>
Labour Demand – Growth Scenario	32.3	62.2	72.2	<b>166.7</b>
Completions Trend – Excluding MOD Donnington	19.1	81.3	35.5	<b>135.9</b>
Completions Trend – Including MOD Donnington	20.9	81.3	86.3	<b>188.5</b>

10.26 The labour demand scenarios provide a more nuanced approach to employment land forecasting. They incorporate a wide range of factors including macro-economic – such as Brexit and COVID-19 – as well as local factors such as the LIS and stakeholder engagement. The two labour demand scenarios differ only in their identified requirement for B1c/B2 industrial land – due to uplifts to Manufacturing growth sectors in the Growth Scenario.

10.27 The completions trend forecasts provide a useful comparison to see how the forecast requirement compares to the past rates of delivery. This shows a higher rate of delivery of industrial land than either of the labour demand scenarios, and lower levels of land for office use. This, to some degree, reflects the changing nature of the economy shown in the forecasts which expect much larger growth in the professional services sectors. This also reflects in the office market data which shows strong take-up and low vacancy rates for office uses, and significant losses of dated office space to other uses such as residential uses.

10.28 COVID-19 restrictions have meant an increase in levels of home working, which is particularly applicable to office-based sectors. It is not yet clear the extent to which this

change in working patterns is permanent or temporary and so the rates of remote working in future remain uncertain. However, this is likely to have an impact on the need for office floorspace in future. This is taken into account in the modelling via the increasing rate of homeworking in different sectors throughout the plan period which impacts more greatly on office-based sectors.

- 10.29 However, it also suggests that the Growth forecast is more aligned to the scale of delivery of industrial land seen in recent times. Planning for the lower level of provision for industrial land in the Experian labour demand scenario would risk underproviding for these types of uses – many of which align with the growth sectors in the LIS. This suggests that the Growth scenario provides the more reasonable of the labour demand scenarios.
- 10.30 The two completions trends scenarios show significantly different results based on whether the MOD Donnington site is included. This difference is almost totally due to B8 requirements: 25.5ha vs 86.3ha. However, while this development is particularly large, there is no evidence to suggest that excluding it within the analysis represents a more robust approach to estimating future needs. This does not mean that we expect a single development of this scale or for the MOD is likely to come forward during the plan period, but rather that the overall scale of development appears reasonable, for numerous reasons: The stakeholder consultation identified that Telford & Wrekin is a preferable location for inward investment from both within the UK and overseas and the Council has a strong track record of supporting these opportunities for growth. Similarly, there are a number of locational factors – such as agglomeration of existing businesses and support services, access to a skilled labour market, and access to the national motorway network – which are very attractive for large occupiers. This is reflected in the existing business demography and the new businesses who have moved into the borough in recent years. Therefore, excluding this development from the calculation of future employment land requirements would risk restricting future development and job creation opportunities. This suggests that the ‘Completions Trend – Including MOD Donnington’ scenario is the more reasonable of the completions trend scenarios.
- 10.31 The two recommended scenarios are the Labour Demand Growth Scenario and the Completions Trend Including MOD Donnington. These scenarios show a need for 167 ha and 189 ha of employment land respectively – a difference of 22 ha. However, the Labour Demand Growth Scenario (167 ha) includes provision for increased levels of home working which accounts for a reduction of around 14 ha, which is not included in the Completions Trend scenario which assumes home working rates continue at current rates. Taking this into account, the two scenarios are only 8 ha (4%) apart.
- 10.32 Overall, this suggests that a range of 167-189ha provides the most reasonable range of future employment land needs for Telford & Wrekin for the period 2020-40. However, the 167ha figure includes provision for increased levels of homeworking in future, which is considered to be more realistic.