

# **Shropshire Economic Development Needs Assessment Final Report**

Shropshire Council

9 April 2021

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## 1.0 Introduction

### Introduction

- 1.1 Lichfields has been commissioned by Shropshire Council [the Council] to prepare an Economic Development Needs Assessment [EDNA] that will provide the economic evidence to help underpin the Council's emerging Local Plan. This Interim Report will fully align with the ongoing Local Plan work being undertaken by the Council as well as updated guidance in the National Planning Policy Framework 2019 [the Framework] and Planning Practice Guidance [PPG] on planning for employment land needs.
- 1.2 A key focus for this EDNA is the need to ensure that sufficient suitable employment sites are provided to achieve the Council's ambitions for long-term economic growth. The study provides Shropshire Council with an assessment of the current position and recent trends within the County's economy, and the potential scale and type of future economic growth and business needs. This is based on considering a range of scenarios for how Shropshire's economy could change in the future, over the plan period 2016 – 2038.
- 1.3 Following from this analysis, the land and floorspace implications are specifically considered for the group of employment land sectors outlined below:
- **Offices, research & development (within the new E Use Class);**
  - **Light Industry (within the new E Use Class);**
  - **B2 General Industrial (factories and workshops); and,**
  - **B8 Storage or Distribution (warehousing and distribution)**
- 1.4 Demand for employment land and floorspace is considered in this report, and references to "employment space" are intended to mean both land and floorspace.
- 1.5 It should be noted that there are a variety of factors and drivers to consider when objectively assessing business needs for a local area. This study utilises a combination of both quantitative and qualitative analysis to explore these issues within the context of Shropshire County and addresses these to draw overarching conclusions and implications. This study has incorporated the latest data and other evidence available at the time of preparation. The accuracy and sources of data derived from third party sources has not been checked or verified by Lichfields.
- 1.6 An important consideration for any work of this type is that it is inevitably a point-in-time assessment. It is, nonetheless, a proportionate assessment of the objective needs of the County that provides evidence to inform the preparation of the Local Plan. Any issues with the ongoing relevance of this evidence reflects more, the pace of changes in the national and regional economies within which Shropshire operates. The Council has sought to redress these effects through the publication of the evidence at a point close to the Submission of the Local Plan.
- 1.7 In light of the Covid-19 pandemic and the uncertainties surrounding the consequences of Brexit, Lichfields has factored in our understanding of the local impacts of the pandemic within the County to date based on the latest available data. This includes an analysis of the latest econometric forecasts for how the County's economy may change and the effect on different sectors over the short and medium-term, testing the impact on key industrial sectors.
- 1.8 Shropshire Council consulted on its draft Submission Local Plan commencing in December 2020. This EDNA report informed the policy choices on employment land matters in this emerging Local Plan. The conclusions of this report now also take into account any significant

views that emerged from the Local Plan consultation process which has enabled the report to be ‘finalised’ following its publication in December 2020 .

## Methodology

- 1.9 The Government has updated its Planning Practice Guidance on how the need for housing and economic development should be assessed. The original 2014 iteration replaced the previous Office of the Deputy Prime Minister [ODPM] Employment Land Reviews: Guidance Note from 2004 (although this arguably remains a source of good practice). The 2019 version of the PPG<sup>1</sup> has reintroduced its methodology for assessing economic development needs. It states that plan makers should liaise closely with the business community to understand their current and potential future requirements<sup>2</sup>.
- 1.10 Plan-makers should also assess:
- 1 the best fit functional economic market area [FEMA];
  - 2 the existing stock of land within the area - this will indicate a baseline for land in employment uses;
  - 3 the recent pattern of employment land supply and loss – for example based on extant planning permissions and planning applications (or loss to permitted development);
  - 4 market demand – sourced from market intelligence from local data and discussions with developers and property agents, recent surveys of business needs or engagement with business and economic forums including locational and premises requirements of particular types of business;
  - 5 wider market signals – relating to economic growth, diversification and innovation; and,
  - 6 any evidence of market failure – such as physical or ownership constraints that prevent the employment site being used effectively.
- 1.11 In terms of using market signals to help forecast future needs, the PPG<sup>3</sup> advises that a range of data which is current and robust should be used, such as:
- 1 sectoral and employment forecasts and projections (labour demand);
  - 2 demographically derived assessments of future employment needs (labour supply techniques);
  - 3 analysis based on the past take-up of employment land and property and/or future property market requirements; and,
  - 4 consultation with relevant organisations, studies of business trends, and monitoring of business, economic and employment statistics.
- 1.12 In terms of how market demand can be analysed, the PPG<sup>4</sup> advises that plan makers should note that:
- “The available stock of land can be compared with the particular requirements of the area so that ‘gaps’ in local employment land provision can be identified.*
- It is important to consider recent employment land take up and projections (based on past trends) and forecasts (based on future scenarios) and identify occurrences where sites have been developed for specialist economic uses. This will help to provide an understanding of the*

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<sup>1</sup> Practice Guidance Reference 2a-025-20190220

<sup>2</sup> Practice Guidance Reference 2a-026-20190220

<sup>3</sup> Practice Guidance Reference 2a-026-20190220

<sup>4</sup> Practice Guidance Reference 2a-029-20190220

*underlying requirements for office, general business and warehousing sites, and (when compared with the overall stock of employment sites) can form the context for appraising individual sites.*

*Analysing supply and demand will allow policy makers to identify whether there is a mismatch between quantitative and qualitative supply of and demand for employment sites. This will enable an understanding of which market segments are over-supplied to be derived and those which are undersupplied. Authorities will need to take account of business cycles and make use of forecasts and surveys to assess employment land requirements.”*

- 1.13 In order to derive employment land requirements, the PPG<sup>5</sup> states that when translating employment and output forecasts into land requirements there are four key relationships which need to be quantified:
- 1 Standard Industrial Classification sectors to use classes;
  - 2 Standard Industrial Classification sectors to type of property;
  - 3 Employment to floorspace (employment density); and,
  - 4 Floorspace to site area (plot ratio based on industry proxies).
- 1.14 Two new sections have been added to the economic needs section of the PPG in 2019. The first of these relates to how authorities can assess need and allocate space for logistics<sup>6</sup>. The PPG states that where a need for such facilities may exist, strategic policy-making authorities should collaborate with other authorities, infrastructure providers and other interests to identify the scale of need across the relevant market areas. It goes on to state that a range of up-to-date evidence may have to be considered in establishing the appropriate amount, type and location of provision, including market signals, anticipated changes in the local population and the housing stock as well as the local business base and infrastructure availability.
- 1.15 The second entirely new section relates to how specific locational requirements of specialist or new sectors can be addressed<sup>7</sup>. This section states that when assessing what land and policy support may be needed for different employment uses, it will be important to understand whether there are specific requirements in the local market which affect the types of land or premises needed. *“These needs are often more qualitative in nature and will have to be informed by engagement with businesses and occupiers within relevant sectors”.*
- 1.16 The study methodology conforms to the requirements of the Framework and the updated PPG and is summarised in Figure 1.1.

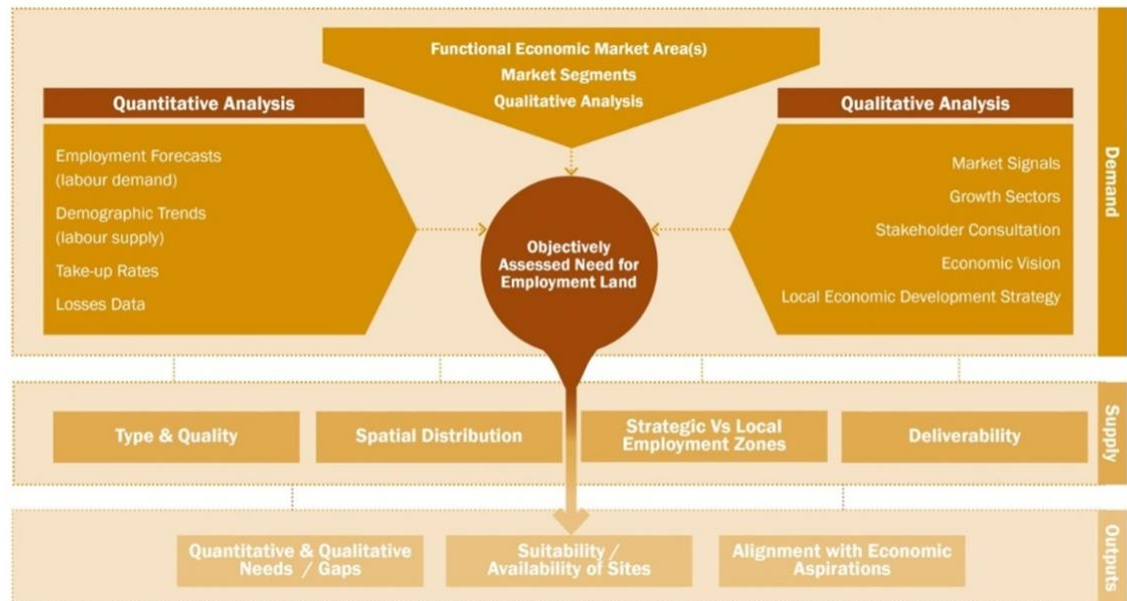
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<sup>5</sup> Practice Guidance Reference 2a-030-20190220

<sup>6</sup> Practice Guidance Reference 2a-031-20190220

<sup>7</sup> Practice Guidance Reference 2a-032-20190220

Figure 1.1 Employment Land Methodology



Source: Lichfields

## Report Structure

1.17

The report is structured as follows:

- **Section 2 sets out the policy context**, including a review of relevant national and local policy documents, employment studies and economic development strategies;
- **Section 3 outlines the socio-economic context** including current economic conditions and trends that may affect future needs for employment space;
- **Section 4 reviews the Functional Economic Market Area that Shropshire sits within;**
- **Section 5 provides an overview of B-Class employment space** in Shropshire, including the mix of uses, development rates, completions and losses, supply and demand and the needs of different market segments;
- **Section 6 summarises the stakeholder consultation to date and the results of the Business Survey** undertaken by the Council in 2019;
- **Section 7 outlines the commercial property market.** JLL has reviewed the local property market through discussions with agents and other key stakeholders, and has provided commentary concerning the supply of and demand for different types of employment space within Shropshire and the needs of different market segments;
- **Section 8 assesses the future requirement for Employment Space** including estimates of future employment space requirements for office, industrial and warehousing sectors in quantitative terms, drawing on employment forecasts and other factors;
- **Section 9 draws the previous sections together to assess the demand/supply balance for employment land and relevant planning policy considerations;** and,
- **Section 10 summarises the key conclusions** of the study to support the existing and future site portfolio and maximise future economic growth in Shropshire.



## 2.0 Economic Strategy and Policy Aspirations

### Introduction

2.1 This chapter considers the national and sub-regional policies and strategies and local growth plans and aspirations that influence the future economic strategy for Shropshire. An understanding of these strategies and policies will help to ensure the strategic alignment of the local plan and will support the approach to promoting sustainable development in the County.

### National

#### National Planning Policy Framework [NPPF]

2.2 The NPPF sets out the economic, environmental and social planning policies for England, articulating the Government's vision for sustainable development. These national policies provide the framework for the production of local and neighbourhood plans.

2.3 The NPPF requires the planning system to help build a strong, responsive and competitive economy. Local authorities must ensure 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 co-ordinating the provision of infrastructure.

2.4 Local Plans should help to build a strong and competitive economy by creating conditions that:

- enable businesses to invest, expand and adapt;
- support economic growth and productivity taking into account both the local business needs and any wider opportunities for development;
- enable the County and its communities to build on their strengths, counter their weaknesses and address the challenges for the future that are very much in evidence at this time, in developing Britain's global role, outside the European Union.

2.5 The NPPF requires Local Plans to achieve these objectives in relation to paragraph 81 that seeks to:

- 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 Planning policy in para 82 requires Local Plans to recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for storage and distribution operations at a variety of scales and in suitably accessible locations.

2.7 Planning policy in para 83 of the NPPF requires that Local Plans should enable:

- a *the sustainable growth and expansion of all types of business in rural areas, both through conversion of existing buildings and well-designed new buildings;*

- b *the development and diversification of agricultural and other land-based rural businesses;*
- c *sustainable rural tourism and leisure developments which respect the character of the countryside; and*
- d *the retention and development of accessible local services and community facilities, such as local shops, meeting places, sports venues, open space, cultural buildings, public houses and places of worship.*

2.8 Planning policy in para 84 of the NPPF requires that Local Plans should: recognise that sites to meet local business and community needs in rural areas may have to be found adjacent to or beyond existing settlements, and in locations that are not well served by public transport. In these circumstances it will be important to ensure that development is sensitive to its surroundings, does not have an unacceptable impact on local roads and exploits any opportunities to make a location more sustainable. The use of previously developed land, and sites that are physically well-related to existing settlements, should be encouraged where suitable opportunities exist.

### **National Planning Practice Guidance [NPPG]**

2.9 The Planning Practice Guidance [PPG] has recently updated its guidance on the assessment of housing and economic development. This replaces the previous Office of the Deputy Prime Minister [ODPM] Employment Land Reviews: Guidance Note from 2004 (although this arguably remains a source of good practice). The PPG<sup>8</sup> has reintroduced its methodology for assessing economic development needs. It states that plan makers should liaise closely with the business community to understand their current and potential future requirements<sup>9</sup>.

2.10 Plan-makers should assess:

- the best fit functional economic market area [FEMA];
- the existing stock of land for employment uses within the area;
- the recent pattern of employment land supply and loss – for example based on extant planning permissions and planning applications (or losses to permitted development);
- evidence of market demand (including the locational and premises requirements of particular types of business) - sourced from local data and market intelligence, such as recent surveys of business needs, discussions with developers and property agents and engagement with business and economic forums;
- wider market signals relating to economic growth, diversification and innovation; and,
- any evidence of market failure – such as physical or ownership constraints that prevent the employment site being used effectively.

2.11 In terms of using market signals to help forecast future needs, the PPG<sup>10</sup> advises that a range of data which is current and robust should be used, such as:

- sectoral and employment forecasts and projections which take account of likely changes in skills needed (labour demand);
- demographically derived assessments of current and future local labour supply (labour supply techniques);

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<sup>8</sup> Practice Guidance Reference 2a-025-20190220

<sup>9</sup> Practice Guidance Reference 2a-026-20190220

<sup>10</sup> Practice Guidance Reference 2a-027-20190220

- analysis based on the past take-up of employment land and property and/or future property market requirements; and,
- consultation with relevant organisations, studies of business trends, an understanding of innovative and changing business models, particularly those which make use of online platforms to respond to consumer demand and monitoring of business, economic and employment statistics.

2.12 In terms of how market demand can be analysed, the PPG<sup>11</sup> advises that plan makers should note that:

*“The available stock of land can be compared with the particular requirements of the area so that ‘gaps’ in local employment land provision can be identified.*

*It is important to consider recent employment land take up and projections (based on past trends) and forecasts (based on future scenarios), and to identify instances where sites have been developed or sought for specialist economic uses. This will help to provide an understanding of the underlying requirements for office, general business and distribution space, and (when compared with the overall stock of employment sites) can form the context for appraising individual sites.*

*Analysing supply and demand will allow policy makers to identify whether there is a mismatch between quantitative and qualitative supply of and demand for employment sites. This will enable an understanding of which market segments are over-supplied to be derived and those which are undersupplied”.*

2.13 In order to derive employment land requirements, the PPG<sup>12</sup> states that when translating employment and output forecasts into land requirements there are four key relationships which need to be quantified:

- Standard Industrial Classification sectors to use classes;
- Standard Industrial Classification sectors to type of property;
- Employment to floorspace (employment density); and,
- Floorspace to site area (plot ratio based on industry proxies).

2.14 The PPG has also added in two new sections on how authorities can assess need and allocate space for logistics<sup>13</sup> and how specific locational requirements of specialist or new sectors be addressed<sup>14</sup>.

2.15 Regarding the former, the PPG recognises that the logistics industry plays a critical role in enabling an efficient, sustainable and effective supply of goods for consumers and businesses, as well as contributing to local employment opportunities, and has distinct locational requirements that need to be considered in formulating planning policies (separately from those relating to general industrial land). To address this, the PPG states that:

*“Strategic facilities serving national or regional markets are likely to require significant amounts of land, good access to strategic transport networks, sufficient power capacity and access to appropriately skilled local labour. Where a need for such facilities may exist, strategic policy-making authorities should collaborate with other authorities, infrastructure providers and other interests to identify the scale of need across the relevant market areas.*

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<sup>11</sup> Practice Guidance Reference 2a-029-20190220

<sup>12</sup> Practice Guidance Reference 2a-030-20190220

<sup>13</sup> Practice Guidance Reference 2a-031-20190722

<sup>14</sup> Practice Guidance Reference 2a-032-20190722

*This can be informed by:*

- *engagement with logistics developers and occupiers to understand the changing nature of requirements in terms of the type, size and location of facilities, including the impact of new and emerging technologies;*
- *analysis of market signals, including trends in take up and the availability of logistics land and floorspace across the relevant market geographies;*
- *analysis of economic forecasts to identify potential changes in demand and anticipated growth in sectors likely to occupy logistics facilities, or which require support from the sector; and*
- *engagement with Local Enterprise Partnerships and review of their plans and strategies, including economic priorities within Local Industrial Strategies.*

*Strategic policy-making authorities will then need to consider the most appropriate locations for meeting these identified needs (whether through the expansion of existing sites or development of new ones)."*

2.16 Regarding the former, the PPG states that when assessing what land and policy support may be needed for different employment uses, it will be important to understand whether there are specific requirements in the local market which affect the types of land or premises needed:

*"Clustering of certain industries (such as some high tech, engineering, digital, creative and logistics activities) can play an important role in supporting collaboration, innovation, productivity, and sustainability, as well as in driving the economic prospects of the areas in which they locate. Strategic policy-making authorities will need to develop a clear understanding of such needs and how they might be addressed taking account of relevant evidence and policy within Local Industrial Strategies. For example, this might include the need for greater studio capacity, co-working spaces or research facilities.*

*These needs are often more qualitative in nature and will have to be informed by engagement with businesses and occupiers within relevant sectors."*

### **Changes to the current planning system (August 2020)**

2.17 At midnight on 6<sup>th</sup> August 2020 the Government published its White Paper on the Future of Planning, which proposes some very significant changes to the planning system. Commentators have observed that much of the focus of the White Paper is on housing delivery, with very little mention of planning for economic growth or employment land more generally. Indeed, one of the few references to economic growth can be found in paragraph 2.23, which states that:

*"Local Plans will need to identify areas to meet a range of development needs – such as homes, businesses and community facilities – for a minimum period of 10 years. This includes land needed to take advantage of local opportunities for economic growth, such as commercial space for spin-out companies near to university research and development facilities, or other high productivity businesses."* [paragraph 2.23]

2.18 Whilst the need to plan effectively for employment land needs is likely to remain in the new-look Local Plans, there are also emerging proposals that are likely to have a knock-on effect for the scale of land required for Class E / B land uses, both in the short and longer term. This is particularly in the context of labour force changes resulting from housing growth. In this context the Government recently published a series of proposed reforms to the planning system, which includes their proposed changes to the standard methodology for calculating housing need.

- 2.19 The NPPF currently recognises the implicit link between economic growth and housing need, and that economic growth should not be decoupled from housing growth. Therefore, until such time as the NPPF is revised, there will remain the need to consider the implications of this revised standard method in respect of whether a sufficient supply of housing would be provided in order to accommodate an increase in the workforce resulting from the economic growth within the HMA/FEMAs.

### **Changes to the Use Classes Order in England**

- 2.20 From 1<sup>st</sup> September 2020, the former A1-A3, B1, D1 and D2 Use Classes were merged into a new Class E “Commercial, Business and Services” as a function of The Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020. Unless the permissions that existing buildings operate under are subject to specific conditions, they will be able to change to other uses within that new class without the need for planning permission. B2 and B8 uses are unaffected.
- 2.21 The Government’s rationale for the change is to better reflect the diversity of uses found on high streets and in town centres, and to provide the flexibility for businesses to adapt and diversify. Notwithstanding this, the effect of the changes is not limited to these locations. This means that Class E will affect any buildings within the relevant uses wherever they are in England.
- 2.22 There are a number of practical implications that will result from this:
- Movements between the range of uses that fall within the new E use class no longer require planning permission because they no longer constitute “development”.
  - As changes of use that can occur without the need for a planning application, such changes will not be recorded through conventional planning monitoring.
  - This also means that LPAs do not have the option to introduce Article 4 Directions as was the case for some other forms of PDR to effectively put in place a blanket removal of these rights within a specified location or geography subject to the due process.
  - For planning applications involving the new E use class from 1 September 2020, if an applicant were to seek an open Class E consent, a considerable amount of supporting information may be required to assess the wide range of potential impacts that could arise across the different uses. In the absence of this, LPAs may impose conditions to limit the degree of flexibility available to a single or narrower set of uses.
- 2.23 In the short-term –and in the absence of any immediate changes to the Planning Practice Guidance (PPG) –the methodology for determining future employment land needs is essentially the same. While the use class ‘label’ might be different, there is still a need to determine how much office/R&D (ex-B1a/b) and light industrial (ex-B1c) a Local Plan needs to provide for. B2 and B8 uses remain unaffected.

### **Build Back Better – Our Plan for Growth**

- 2.1 The March 2021 Budget was accompanied by the publication of “*Build Back Better: our plan for growth*”, a policy paper which sets out the Government’s plans to support economic growth through investment in infrastructure, skills and innovation. It provides a new framework that supersedes the 2017 Industrial Strategy as a central policy reference point.
- 2.2 The plan for growth focuses on three pillars of investment to act as the foundation on which to build the economic recovery, uniting and levelling up the country:

- 1 *“High quality **infrastructure** is crucial for economic growth, boosting productivity and competitiveness. The UK has historically underinvested in infrastructure, but we are fixing that, starting with £100 billion of capital investment in 2021-22.*
- 2 *The best way to improve people’s life chances is to give them the **skills** to succeed. The UK has a strong foundation of advanced skills, but lags behind international comparators on technical and basic adult skills. The government is transforming Further Education, encouraging lifelong learning through the Lifetime Skills Guarantee, and building an apprenticeships revolution.*
- 3 ***Innovation** drives economic growth and creates jobs. The UK has a world-leading research base, which will be boosted by the government’s significant uplift in R&D investment and the creation of the Advanced Research & Invention Agency to fund high-risk, high-reward research. However, too few businesses are able to access the tools they need to translate new ideas into new products and services and to challenge established businesses. We will make the UK the best ecosystem in the world for starting and growing a business. That means having the best access to capital, skills and ideas, as well as a smart and stable regulatory framework.”*

2.3 The paper details a series of new funding arrangements and confirms that the long-awaited UK Shared Prosperity Fund will arrive in 2022 to replace European Union structural funds as they expire after 2022-23.

2.4 The Infrastructure Core Pillar will be supported by the following interventions:

- Stimulate short-term economic activity and drive long-term productivity improvements via record investment in broadband, roads, rail and cities, as part of capital spending plans worth £100 billion next year.
- Connect people to opportunity via the UK-wide Levelling Up Fund and UK Shared Prosperity Fund, as well as the Towns Fund and High Street Fund, to invest in local areas.
- Help achieve net zero via £12 billion of funding for projects through the Ten Point Plan for a Green Industrial Revolution.
- Support investment through the new UK Infrastructure Bank which will ‘crowd-in’ private investment to accelerate progress to net zero, helping to level up the UK. This will invest in local authority and private sector infrastructure projects, as well as providing an advisory function to help with the development and delivery of projects.

2.5 Page 38 of the Plan states that the Integrated Rail Plan for the Midlands and the North will ensure that Phase 2b of HS2, Northern Powerhouse Rail and other planned rail investments in the North and Midlands are scoped and delivered in an integrated way, bringing transformational rail improvements more quickly and to more places.

2.6 The growth is focused on driving the Government’s levelling up agenda, which aims to regenerate struggling towns in all parts of the UK via the UK Shared Prosperity Fund and the UK-wide Levelling Up Fund, with Freeports across the country including the freeport based around the East Midlands Airport and Gateway Industrial Cluster [EMAGIC] in North West Leicestershire, Uniper’s Ratcliffe-on-Soar Power Station site in Rushcliffe Borough in Nottinghamshire and the East Midlands Intermodal Park (EMIP) in South Derbyshire.

2.7 The Plan goes on to set out the Government’s long-term vision for every region and nation to have at least one globally competitive city at its heart to help drive prosperity. This includes City and Growth Deals, £4.2 billion in intra-city transport settlements from 2022-23, and continued Transforming Cities Fund investment to 2022-23. It also aims to catalyse centres of excellence, supporting individuals across the country to access jobs and opportunities by ensuring digital

and transport connectivity, by establishing a new UK Infrastructure Bank in the North of England and by relocating 22,000 Civil Service roles out of London..

### **Midlands Engine Strategy<sup>15</sup>**

- 2.8 The Midlands Engine Strategy responds to the commitment in the UK Industrial Strategy to rebalance the distribution of growth across the whole country. The Strategy recognised the need for a flexible approach to different challenges in different places to ensure the effective targeting of investments and interventions. The Midlands Strategy focused on five objectives:
- 1 improving connectivity in order to raise productivity;
  - 2 strengthening skills in order to make the Midlands a more attractive location for businesses;
  - 3 supporting enterprise and innovation in order to foster a more dynamic regional economy;
  - 4 promoting the Midlands nationally and internationally in order to maximise trade and investment in the region;
  - 5 enhancing quality of life in order to attract and retain skilled workers, as well as to foster the local tourist economy.
- 2.9 To support delivery of these objectives, the Local Enterprise Partnerships across the Midlands were to receive £392 million to invest over the four years from 2017 to 2021. This included a Local Growth Fund allocation of £22 million to The Marches Local Enterprise partnership.
- 2.10 The further investments and interventions in The Marches included:
- up to £3 million to set up a skills infrastructure investment programme in the Marches. This investment will improve training facilities and support the purchase of new training equipment to improve the quality of training delivered;
  - recognition for the Agri-food and drink processing sector across the Marches, Lincolnshire and Leicestershire employing 132,000 people in the Midlands across 33,000 companies;
  - underpinning the region's strong science and research base from the Midlands' 20 universities which have research strengths across a range of areas including manufacturing technology, civil engineering, and space technology.

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<sup>15</sup> Midlands Engine Strategy (HM Government) 2017 at: [file:///H:/Strategy%20and%20Policy/Inspection/LP%202016-36-EV/EDNA%20In%20House%20Report/Draft%20Report%20-%20evidence/Midlands\\_Engine\\_Strategy.pdf](file:///H:/Strategy%20and%20Policy/Inspection/LP%202016-36-EV/EDNA%20In%20House%20Report/Draft%20Report%20-%20evidence/Midlands_Engine_Strategy.pdf)

## The Marches Local Industrial Strategy - Draft<sup>16</sup>

- 2.11 The Marches Local Industrial Strategy recognises that the three major urban centres of Shrewsbury, Hereford and Telford with the market towns and rural areas creates a diverse area and sub-regional economy. The Marches wishes to generate growth and identify that it is open for business. The sub-regional economy has a £13.9bn economy with businesses and trading relationships are well connected to major UK markets and with supply chains that have good and improving links to fast growing centres in the West Midlands and wider Midlands Engine area, into the South West and into Wales.
- 2.12 The Local Industrial Strategy is the Marches' plan to work with Government to deliver a new Marches Growth Deal to further unleash the potential of our businesses and communities. This is based on the opportunities to:
- **ensure future competitiveness and success in high-tech, energy efficient manufacturing and engineering** - The advanced manufacturing and engineering cluster in the Marches is at the heart of this shift, playing a core role in the wider Midlands automotive, aerospace and defence sectors. The Marches will establish a major new, business-led engineering resource centre to enable firms to share advice and develop new opportunities., including transitioning to the circular economy and sustainable practices.
  - **secure the future food supply chain and achieve modern and environmentally sustainable production, packaging and distribution systems through agri-tech innovation** - The Marches is distinctive in having a broad range of the food production supply chain in the sub-region supported by Harper Adams University as a global centre of precision farming with major global brands including ABP Food Group and Müller in Shropshire. The Marches aim to combine these strengths to be a successful 'living lab' for modern, high-tech and environmentally sustainable business management methods. The Marches will also partner with global research centres and local firms to speed up the adoption of new technology.
  - **develop world-renowned excellence in cyber security and resilience** - The Marches has a strong defence history and is developing a deep expertise in defending against cyber threats and improving the resilience of businesses. This fast-growing cyber sector includes the UK's first cyber enterprise zone at Skylon Park in Hereford, this is part of the 'Cyber Valley' centred in Gloucestershire and Worcestershire, the UK's largest cyber cluster outside London. The Marches ambition and opportunity is to work with these partners to secure and develop 'Cyber Valley's' position as a global Centre of Excellence. The Marches will work through the Midlands Engine and Department for International Trade [DIT] to maximise these export and investment opportunities.
- 2.13 The Marches Local Industrial Strategy is based on 5 foundation of productivity:
- **Place** - The Marches is a diverse area with three main urban centres, market towns and a strong rural economy. Shrewsbury is an important commercial centre, serving a wide area, with a range of cultural and heritage assets, as well as agri-food and agri-tech and manufacturing companies. Market towns in the Marches are centres of employment and commercial activity with a strong sense of community and heritage, and distinctive sectoral strengths and specialisms, reflecting major growth opportunities. The large rural areas are home to the majority of small and micro businesses.
  - **Ideas** - The Marches aims to further drive up levels of business innovation, in partnership with Government and the Midlands Engine. It will build on established research strengths

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<sup>16</sup> The Marches Local Industrial Strategy - Draft (The Marches Local Enterprise Partnership) 2019 at: [https://www.marcheslep.org.uk/download/marches\\_local\\_industrial\\_strategy/Marches-Local-Industrial-Strategy-Final-draft-20.12.19.pdf](https://www.marcheslep.org.uk/download/marches_local_industrial_strategy/Marches-Local-Industrial-Strategy-Final-draft-20.12.19.pdf)



across the sub-region including University Centre Shrewsbury and Harper Adams University. The Marches will explore a new innovation and business growth fund for SMEs, targeted at funding clean growth-related ideas.

- **People** - The Marches has high levels of employment and economic activity. The Marches is determined to attract the new people and skills that its firms and communities need.
- **Infrastructure** - The Marches has excellent strategic economic links between the Marches and the North West, West Midlands, South West and Wales. Improvements to infrastructure are vital for the sustainable future of communities. The Marches Strategic Economic Plan 2019 has clear priorities for future investment in physical infrastructure and in delivering The Marches Digital Strategy, using new technology to continue to work towards tackling digital connectivity for rural communities and businesses (including 4G and 5G technologies).
- **Business environment** - The Marches has a growing reputation as a great place to invest and do business. The Marches will build on the existing Growth Hub delivering support to businesses to further boost business growth and productivity.

### **The Marches Strategic Economic Plan<sup>17</sup>**

- 2.14 Shropshire is part of The Marches Local Economic Partnership (LEP) with its neighbouring Unitary Authority partners at Herefordshire and Telford and Wrekin. The Marches extends from the English Border with Wales over to Staffordshire and the Black Country.
- 2.15 The Marches Strategic Economic Plan (2019) sets out the vision and key objectives for the LEP over the period to 2038. The Strategic Economic Plan [SEP] seeks to drive forward the three local economies within the area to deliver a £9bn increase in their economic output, to increase the population by over 111,000 persons providing 54,400 new homes, 5,200 new businesses and over 58,000 new jobs. The SEP identifies four sectors with future growth potential to drive forward Shropshire's economic profile comprising:
- Advanced manufacturing including engineering, agri-food and agri-tech;
  - Food and drink processing;
  - Health and social care; and
  - Environmental science and technologies.
- 2.16 As the largest local authority partner in the LEP, Shropshire will help to drive forward this growth within the LEP partnership. The SEP also recognises the significance of the three strategic settlements of Shrewsbury, Hereford and Telford and how their different strengths, characteristics, functions and complementary roles will contribute to the future of the LEP.

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<sup>17</sup> The Marches Strategic Economic Plan (The Marches Local Enterprise Partnership) 2019 at: [https://www.marcheslep.org.uk/download/economic\\_plans/strategic-economic-plan-update-2019/The-Marches-LEP-Strategic-Economic-Plan-2019.pdf](https://www.marcheslep.org.uk/download/economic_plans/strategic-economic-plan-update-2019/The-Marches-LEP-Strategic-Economic-Plan-2019.pdf)

## Local

### Shropshire Corporate Plan<sup>18</sup>

- 2.17 The Shropshire Council Corporate Plan addresses the period from 2019 to 2022 and seeks to demonstrate that economic growth must be achieved along with support for our communities.
- 2.18 This support will include providing the right homes, schools and healthcare and ensuring that the right transport and digital infrastructure are in place to support economic growth, education and employment opportunities to skill people for life and throughout their life. This approach identifies a series of interlinked priorities which are:
- **More people with a suitable home:** to shape the housing market to meet local need;
  - **Care for those in need at any age:** to plan and deliver services that are responsive to the needs of our diverse communities;
  - **A good place to do business:** to work with businesses and developers to identify and deliver opportunities for investment that will support the growth of the Shropshire economy;
  - **A healthy environment:** to enhance ‘quality of life’ through access to fresh air, green spaces and a clean environment;
  - **Sustainable places and communities:** to encourage communities to support each other and to find local solutions;
  - **Embrace our rurality:** to influence mobile and digital connectivity across the County to support our resident and business communities.
- 2.19 Shropshire’s economy has been performing well but has the potential to do better and raise its economic productivity. Shropshire is falling behind regional and national averages in economic output from businesses and employee earnings, leading to lower economic productivity compared to the West Midlands and UK. A number of challenges and future trends will require strategic approaches and actions to address them if the Shropshire economy is to prosper. The six Shropshire priorities are:
- Enable businesses to grow and succeed;
  - Deliver infrastructure to support growth;
  - Meet skills needs of businesses and people’s aspirations for work;
  - Promote Shropshire to investors;
  - Build our reputation as a Council that is ‘good to do business with’.

### Shropshire Climate Change Strategy<sup>19</sup>

- 2.20 The Shropshire Climate Change Strategy brings together council policies and actions to mitigate and adapt to climate change and to ensure a sustainable future for the County. A key aim of the strategy is to develop a corporate response and to harness existing activity and strategies. The strategy vision is to secure our future and meet our present needs by working together to balance our social, economic and environmental needs.
- 2.21 The strategy vision is supported by three main objectives to:

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<sup>18</sup> Shropshire Corporate Plan (Shropshire Council) 2019 at: <https://shropshire.gov.uk/shropshire-council/corporate-plan/>

<sup>19</sup> Shropshire Climate Change Strategy Framework (Shropshire Council) 2019 at: <https://shropshire.gov.uk/climate-change-and-sustainability/climate-change-strategy/>

- mitigate the effects of climate change through carbon reduction in the delivery of our services;
- adapt services and their delivery to respond to changes in the climate;
- promote sustainable practices in the delivery of all services.

2.22 The Strategy explores the possibility of setting a trajectory towards a net zero carbon production in Shropshire and identifies key milestones towards this objective to:

- prioritise immediate actions to mitigate the effects of climate change;
- support clean and inclusive growth;
- invest in climate action;
- work with others and to establish a Climate Action Partnership;
- influence the behaviour of others;
- assemble and publish evidence to identify effective targets for intervention and investment.

2.23 The strategy also recognises the need for direct and indirect future interventions to reduce Shropshire’s carbon footprint and improve its resilience to the climate crisis including:

- **demand management:** through physical and technological changes to reduce the use of resources and the production of waste;
- **transport and travel:** to influence the planned distribution of growth;
- **renewable energy generation:** to utilise other types of energy resources;
- **sustainable land management:** to seek sustainable ways to capture and store carbon;
- **clean and inclusive growth:** to support low carbon businesses;
- **adaptation and resilience:** to adopt the physical and operational approaches to mitigating the risks of extreme climate events.

### **Shropshire Market Town Profiles<sup>20</sup>**

2.24 Shropshire has produced a series of statistical profiles of each of the 17 market towns and key centres in the County. These settlements represent the upper tiers of the settlement hierarchy of Shropshire and comprise the County town of Shrewsbury, the Market Towns of Oswestry, Bridgnorth, Market Drayton, Whitchurch and Ludlow and the 11 Key Centres of Albrighton, Bishops Castle, Broseley, Church Stretton, Cleobury Mortimer, Craven Arms, Ellesmere, Highley, Much Wenlock, Shifnal, and Wem.

2.25 These profiles are intended to assist an understanding of the settlements and communities of Shropshire, to facilitate the planning of the County and support bidding for financial support.

### **Shropshire Economic Growth Strategy<sup>21</sup>**

2.26 Shropshire sets out its economic growth vision in the Shropshire Economic Growth Strategy 2017 – 2021: *“To be the best place to do business and invest, renowned for its pool of local talent and expertise. We will strive to maximise our economic potential and increase productivity by fully utilising the benefits of our special environment and high-quality assets”*.

2.27 To facilitate this sustainable economic growth, a ‘step change’ is needed in Shropshire’s

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<sup>20</sup> Shropshire Market Town Profiles (Shropshire Council) 2017 at: <https://shropshire.gov.uk/information-intelligence-and-insight/facts-and-figures/area-profiles/market-town-profiles/>

<sup>21</sup> Shropshire Economic Growth Strategy (Shropshire Council) 2017 at: <https://shropshire.gov.uk/planning-policy/local-planning/local-plan-review/evidence-base/>

economic productivity. The County has the potential to do more and to do it better. There is a commitment to achieve maximum economic productivity from the assets and opportunities in the County through three key objectives to: support and grow new and existing businesses; attract inward investment to the County and develop and retain workforce talents and skills.

2.28 The County will develop its assets and opportunities by focusing on the following key objectives:

- strategic location and economic relationships – the unique location within the Midlands Engine with collaborative cross border benefits with Mid Wales, on the edge of the Northern Powerhouse is a major economic opportunity for Shropshire;
- major employment sites and growth corridors – the availability of employment sites will help to drive growth and increase economic productivity particularly along the strategic corridors and growth zones of the principal transport routes through the County;
- target growing or under-represented sectors – supporting key businesses and clusters;
- support businesses to grow and succeed – assisting the SME business base particularly through The Marches Growth Hub to overcome barriers to growth;
- deliver infrastructure to support growth – focusing investment into transport infrastructure, digital connectivity, utilities capacity and local infrastructure to support communities;
- promote the housing market and supply – delivering the right type and quality of housing that is affordable and in the right location to satisfy the range of demands and to ensure Shropshire is an attractive place for employees to secure the housing they want;
- improve skills and people’s work aspirations - supporting all segments of the working age population to maximise their economic output, ensuring the skills that companies need are available and that people of all ages can access the training and tools to gain employment;
- promote Shropshire to investors - attracting investment from medium and large companies.

2.29 Shropshire and The Marches have a number of business sectors and clusters that perform well with successful companies operating in and around the County. The public sector will work with these companies to support their investment, growth and competitiveness in the national and international economy. These companies will be supported to find the locations and expansion opportunities they seek and to invest in the growth of their activities in the following sectors:

- advanced manufacturing including engineering, agri-food, and agri-tech;
- environmental science and technologies;
- creative and digital industries;
- food and drink processing;
- health and social care;
- visitor economy and heritage-based businesses.

2.30 The Shropshire economy is fuelled by the creation and growth of small to medium sized enterprises. This also reflects Shropshire’s capacity for entrepreneurship and the creation of significant numbers of new businesses. The Council actively supports new business formation and supports those companies with growth potential to increase their output and employee numbers. The Council will support the development needs of new businesses and provide opportunities for companies to grow, expand their operations or to relocate into the County.

## Shrewsbury Big Town Plan<sup>22</sup>

- 2.31 The Big Town Plan for Shrewsbury seeks to implement the Shropshire Economic Growth Strategy and to set the ambitions for Shrewsbury in a shared vision for the County Town in 2036. This also sets out a framework plan for how and where change should happen in the town.
- 2.32 The vision for Shrewsbury sets out a blueprint for thoughtful and purposeful change and adaptation moving into the future. This blueprint considers how balanced growth might occur through changes in the land uses in the town centre, suburbs and in edge of town locations. The vision also considers how the town may change and develop in terms of the movement of people and traffic for work and leisure especially into and through the town centre. This considers the evolution of the shopping, recreation and leisure experience in the town during the day, evening and into the night-time. It also considers the response to the changing patterns of movement and demands in different areas of the town and on the institutions, facilities and communications networks that serve the town, its residents, visitors and workers.
- 2.33 The purpose of the Big Town Framework Plan is to establish a clear set of spatial principles, a physical, town-wide framework that connects those parts of town where we want change to happen. The framework is built-up in plan layers that overlay the town:
- **making movement better** - making movement in the town easier, to reduce town centre traffic with three priorities for: pedestrian priority in the town centre; a better pedestrian and cycle network through the town; and, measures to reduce through traffic in the town centre;
  - **balancing growth** - achieving a better balance between growth directed towards the edge of town and growth located in and around the town centre;
  - **the Big network** - harnessing new technologies to connect people and businesses, understanding how they disrupt conventional patterns of land use and infrastructure.;
  - **the Shrewsbury green network** - making greenspace much more accessible for people and making it richer and more biodiverse;
  - **the Big connection** - illustrates how these principles can come together in the biggest regeneration opportunity in Shrewsbury that forms a large corridor of opportunity running from the West End up to the Flaxmill north of the town centre;
  - **raising design quality** - a town-wide principle that forms part of the framework plan.

## Shropshire Local Economic Growth Strategies - Draft<sup>23</sup>

- 2.34 Shropshire will also implement the Shropshire Economic Growth Strategy through detailed local strategies for each of the 5 Principal Market Towns of Oswestry, Bridgnorth, Market Drayton, Whitchurch and Ludlow to complete the upper tier of the settlement hierarchy of Shropshire.
- 2.35 These local strategies will help the Council to deliver the economic vision for Shropshire and to achieve the key objectives to support and grow new and existing businesses; attract inward investment to the County and develop and retain workforce talents and skills.
- 2.36 The strategies are structured around the key objectives of the Shropshire Economic Growth Strategy. They consider the actions needed to deliver the principal economic outcomes in the towns and to support business and employment in the surrounding areas.

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<sup>22</sup> Shrewsbury Big Town Plan (Shropshire Council) 2019 at: <https://shropshire.gov.uk/planning-policy/local-planning/local-plan-review/evidence-base/>

<sup>23</sup> Shropshire Local Economic Growth Strategies - Draft (Shropshire Council) 2020 at: <https://www.shropshire.gov.uk/get-involved/draft-local-economic-growth-strategies/>

## **Shropshire Core Strategy<sup>24</sup>**

- 2.37 The vision for Shropshire for the period 2006 to 2026 is set out in the Core Strategy (2011) as part of the Local Development Framework. The strategic policies in the Core Strategy were prepared in the context of continued social, economic and environmental change. Looking ahead to 2026, the Core Strategy sought to plan for a ‘flourishing Shropshire’ and identified the key issues and challenges to be addressed which included:
- responding to the needs of an ageing population but seeking to retain more young people;
  - creating a thriving County town that performs as a sub-regional centre supporting revitalised Market Towns and more resilient, self-reliant rural communities;
  - promoting Shropshire as a good business location with a growing enterprise culture and a strong, diverse and prosperous economy;
  - providing a mix and type of housing to meet the needs and aspirations of local people;
  - producing a lower carbon footprint and adapting to the effects of climate change;
  - improving accessibility to transport facilities and services and reducing car dependence;
  - protecting and enhancing the character and, quality of the natural and historic environment;
  - providing access to new and improved education, training, health, culture, leisure and sport;
  - creating opportunities for everyone to enjoy active, healthy, safe and secure lives.

## **Shropshire Site Allocations and Management of Development Plan (SAMDev)<sup>25</sup>**

- 2.38 The SAMDev Plan (2015) sets out the 18 market towns and key centres in the County and provides the policy framework for the implementation of the Core Strategy (2011) comprising:
- Development Management policies providing specific guidance to meet national policy requirements principally in the National Planning Policy Framework (NPPF) and more detailed guidance to supplement the strategic policies in the Core Strategy;
  - Settlement policies and site allocations (where relevant) for the market towns and key centres and community hubs and clusters in each of the ‘Place Plan’ areas;
- 2.39 The policies and proposals of the SAMDev Plan were illustrated on the Policies Map and Inset Maps for each settlement where development was proposed.

## **Shropshire Skills Evidence Base<sup>26</sup>**

- 2.40 Shropshire is located in the centre of the country and is the second largest inland county behind Wiltshire. It has a population of 311,400 (2015 mid-year estimates) and is sparsely populated, with just over one person per hectare (1.01) compared with 4.3 in England. Around 35% of the population live in villages, hamlets or dwellings dispersed throughout the countryside. The remainder live in either the County town of Shrewsbury or one of the other 17 market towns/key service centres. The key characteristics of the County are:

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<sup>24</sup> Core Strategy 2006 – 2026 (Shropshire Council) 2011 at: <https://shropshire.gov.uk/planning-policy/local-planning/core-strategy/>

<sup>25</sup> Site Allocations and Management of Development Plan (SAMDev) 2006 – 2026 (Shropshire Council) 2015 at: <https://shropshire.gov.uk/planning-policy/local-planning/samdev-plan-2006-2026/the-plan/>

<sup>26</sup> Shropshire Skills Evidence Base (Shropshire Council) 2017 at: <https://shropshire.gov.uk/planning-policy/local-planning/local-plan-review/evidence-base/>

- Shropshire is a comparatively affluent location, with low levels of deprivation and minimal unemployment. However, like other places, there are pockets of deprivation, where unemployment is higher, where incomes are low and where the population tends to be less highly skilled;
- Shropshire has more resident workers than it does jobs, and consequently net out-commuting is significant (-5,665 people in 2011). However, in-commuting rose more rapidly than out-commuting in the decade to 2011. A tendency to out-commute is more prevalent amongst higher earners, and this factor contributes to the considerable differential between workplace and residents' earnings;
- Like many rural areas, the population is ageing, with approaching one in four (23.3%) people aged 65 or over in 2015 (ONS Mid-year estimates). Since 2011, the Shropshire population of traditional working age (16-64) has been in decline, and it now represents just 60% of the total population (186,940 people). By 2037, this percentage will have declined to 52%;
- Shropshire has a high economic activity rate amongst the 16-64 population (82.4% compared with 77.8% nationally in 2016, Annual Population Survey), and employment levels are high for this age group;
- There are significant numbers of economically inactive people who would like to be in employment and all the factors indicate a level of underemployment within the County;
- Shropshire supports a primarily small business economy, with more than nine out of 10 enterprises employing less than 10 people and with comparatively few large employers and the business base is relatively stable;
- Key employment sectors include health, education, retail and manufacturing and Shropshire is also overrepresented in motor trades and construction;
- The mix of sectors in Shropshire contributes to comparatively low workplace wages and to low levels of productivity;
- The Shropshire labour force is comparatively wellqualified but skills are not always aligned to the needs of businesses and 15% of Shropshire businesses have either skills gaps within their existing workforce, skills shortages in their vacancies or both;
- The main reason that Shropshire employers struggle to fill vacancies is because they cannot find people who want the jobs but despite Shropshire's age demographic, Shropshire employers are less likely to have recruited anybody over the age of 50 within the last year than their national counterparts.

### **Shropshire Employment Land Review<sup>27</sup>**

- 2.41 The Employment Land Review (ELR) provides an assessment of employment land supply at the Strategic, Principal and Key Centres in the Shropshire Council area. It provides a market perspective on the suitability and deliverability of employment land and will inform the Local Plan Review (2016-36).
- 2.42 From a strategic perspective, the Study reaches the following conclusions:
- given their growth aspirations and latent market demand in key locations (i.e. the Strategic and Principal Centres) the timing and conditions are right for Shropshire to drive forward their corporate economic growth objectives, to bring forward strategic and local employment sites to meet market demand and to diversify the economy by drawing in

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<sup>27</sup> Shropshire Employment Land Review (Shropshire Council) 2019 at: <https://shropshire.gov.uk/planning-policy/local-planning/local-plan-review/evidence-base/>



occupiers in higher value sectors that drive economic productivity and retain talent in the County;

- reflecting on the findings of this study, the M54 Growth Corridor Study, and other available evidence, it is apparent that employment land opportunities can be divided into three categories: strategic, significant local and other local opportunities;
- key locations for strategic employment opportunities include the Strategic Centre of Shrewsbury due to the size, location, prominence and critical mass of existing employment within the town; and/or key nodes on strategic corridors;
- key locations for significant local employment opportunities include Principal and targeted Key Centres on strategic corridors, particularly near existing employment areas and/or at local transport nodes;
- key locations for other local opportunities include other Key Centres, in the main adjacent to existing employment areas and/or at local transport nodes;
- Shropshire should stop their watching brief and ‘catch up’ and drive forward their ambitious economic growth plans, delivering a balance of local and strategic employment sites as either future allocations, through policies supportive of windfall employment development or, in the case of locations within the Green Belt, safeguarding land for future development;
- market evidence indicates latent demand for ‘fit for purpose’ employment land, particularly in Strategic and Principal Centres, meeting the needs of modern occupiers for inward investors and local businesses to help Shropshire meet their economic growth objectives.

2.43 For the settlements, the Study reaches the following conclusions:

- the sites that are most suitable for employment use are, in the main, located adjacent to existing employment areas (where there is a critical mass to support further employment provision) and/or at key infrastructure nodes i.e. adjacent to strategic road junctions/roundabouts, proposed new routes providing clear visibility to passing trade and are in locations that are suitable, market facing and deliverable;
- the majority of sites assessed as being unsuitable for employment use are identified as such due to key constraints i.e. landscape, environmental, flooding, accessibility and unsuitable adjacencies. Some of these sites are potentially suitable for residential or non-B class employment uses and we recommend that the Council gives further consideration to this;
- there is sufficient future employment land supply to meet growth aspirations in the Strategic and Principal Centres;
- there is both opportunity and demand for the future provision of B-Class employment land in the Strategic Centre of Shrewsbury and the Principal Centres of Bridgnorth, Ludlow, Market Drayton, Oswestry and Whitchurch. This reduces in many of the Key Centres;
- in some of the smaller Key Centres, it is likely that there will be no significant demand for B-Class employment uses due to a combination of market demand and viability which constrains delivery. As such non-B-Class employment opportunities should be considered as an alternative means of increasing and diversifying employment opportunities.

## **Shropshire Strategic Employment Areas and Sites Study**

### **Phase 1 - Shrewsbury<sup>28</sup>**

2.44 Shrewsbury’s 22 Strategic Sites and Employment Areas total 212.95 ha. Most are well occupied,

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<sup>28</sup> Shropshire Strategic Employment Areas Study Phase 1 - Shrewsbury (Shropshire Council) 2014 at: <https://shropshire.gov.uk/planning-policy/local-planning/local-plan-review/evidence-base/>



particularly the main industrial estates and business parks. 29.93 ha (14.0 percent) of the total land allocations remain undeveloped, most of which is concentrated at Battlefield Enterprise Park (20.4 ha) and Shrewsbury Business Park (5.89 ha). There are only limited Regeneration Opportunities amounting to 6.46 ha (3.1 percent of the total supply) and two thirds of this is represented by Ditherington Flax Mill and Crewe Bank Rail Yard at Castle Foregate.

- 2.45 None of the Sites/Areas are considered to be of such poor quality that they justify reallocation to an alternative use. However, several have already lost areas to other uses and it is recommended planning policy recognises this by appropriate boundary adjustments to the area to be protected. This applies to the following – St Michael’s Street; Monkmoor Industrial Estate; Lancaster Road Industrial Estate; the former Cattle Market; Battlefield Enterprise Park and Sundorne Retail Park. Policy reallocations may also be required at Castle Foregate (East) and Frankwell Quay should non-employment uses be pursued for the redevelopment sites.
- 2.46 Elsewhere, land should be protected for B1 (a, b, c), B2, B8 employment uses. In particular, Shrewsbury’s limited supply of larger office properties should be protected from inappropriate change of use/redevelopment proposals. To support this, it is recommended that (based solely on the evidence of Shrewsbury, and without prejudice to the rest of the county) that Shropshire Council seek an exemption from the new permitted development rights which will permit (limited) changes of use from B1(a) office to C3 residential.

## **Phase 2 – Shropshire Market Towns & Key Centres<sup>29</sup>**

- 2.47 None of the 32 Employment Areas and Strategic Sites reviewed in detail, in this study is considered to be a ‘Regional Site’.
- 2.48 This study identified four ‘Sub-Regional Sites’ considered to significantly contribute to Shropshire’s employment land supply for B class uses – Waymills Business Park, Civic Park and Grocontinental, Whitchurch; Mullers and Tern Valley Business Park, Market Drayton; Maes-Y-Clawdd/Mile Oak/Rod Meadows, Oswestry and Stanmore Industrial Estate, Bridgnorth. These are the County’s ‘prestige’ Employment Areas capable of competing for investment from across Shropshire and the West Midlands. They are also prime sites for marketing to a cross section of users including new inward investors.
- 2.49 There are nine Sites and Areas considered to be ‘Key Shropshire Sites’. These are active and successful employment locations, with influence across Shropshire and into adjoining local authority areas. These are prime sites for marketing to a cross section of users but lack the high profile of Grade A\*/A locations and are unlikely to attract major inward investment.
- 2.50 There are 18 Sites and Areas considered to be ‘Key Local Sites’ where ‘local’ refers to the settlement where the Site and Area is located and its rural hinterland. Key Local Sites are generally of moderate quality but may provide accommodation for some key employers. Space will primarily target local businesses although the areas are often the primary industrial estates/business parks for these settlements.
- 2.51 The Calcutts Road Employment Area comprises three dispersed employment sites, with constrained access, in an area of woodland and low-density housing. While one site is in use by Stealmart International, the remaining two appear poorly occupied and are considered to operate most effectively as mixed commercial areas.
- 2.52 None of Shropshire’s Employment Areas/Sites are considered to be of such a poor quality to require a complete reallocation to other uses (i.e. a Grade of D/E). However, in some cases, some land may have been lost to other uses possibly requiring an adjustment to boundaries.

<sup>29</sup> Shropshire Strategic Employment Areas Study Phase 2 - Shropshire (Shropshire Council) 2014 at: <https://shropshire.gov.uk/planning-policy/local-planning/local-plan-review/evidence-base/>

Conversely, the expansion of some occupiers may bring other land into B1/B2/B8 employment use not presently proposed for such uses.

### **M54 Growth Corridor – Strategic Options Study<sup>30</sup>**

2.53 The M54 corridor is a key strategic gateway for Shropshire and its neighbouring local authorities and is a Strategic Corridor for both employment and residential development. This results from the strong transport links present in the Corridor and the critical mass derived from the presence of nationally significant education, training and employment opportunities along the Corridor. The corridor is extremely well placed to deliver growth within the key sectors identified within Shropshire’s Economic Growth Strategy particularly advanced manufacturing including engineering (with strong links to aviation), innovative healthcare and environmental technologies.

2.54 The Study identifies five potential development sites in the M54 corridor to help realise Shropshire’s Economic Vision. Consequently, there is an economic rationale for bringing forward these strategic sites to drive economic growth in the future. It is recommended the Council consider releasing some or all of the development options because:

- A balanced approach to economic and housing growth advocated through the Local Plan Review process is the best means to support the development of an ‘exceptional circumstances’ case for Green Belt release;
- The strategic employment offer needs to be complementary to and not in competition with neighbouring locations (both within and outside of Shropshire) so that it distinguishes its offer from that provided locally. We recommend that a sector/market niche that builds upon Shropshire’s Economic Growth Strategy objectives, meets both local and inward investor needs and integrates into the existing offer/critical mass is a priority i.e. advanced manufacturing/engineering/automotive supply chain;
- The timing and conditions are right given the once in a generation review of the Green Belt for Shropshire to drive forward their corporate economic growth objectives and bring forward strategic sites along the M54, a location ripe for investment;
- These potential allocations will provide ‘fit for purpose’ employment land that meets the needs of the modern occupier and responds to market demand. This approach will assist in diversifying the economy by attracting occupiers in higher value sectors that drive economic productivity and retain talent in the County.

### **Innovative Workspace Demand Study<sup>31</sup>**

2.55 This study sought to assess demand and alternative options for the provision of innovative workspace within Shropshire. The two core objectives for the study were to test the need and demand for specific business workspace and associated business support activities; and to appraise and assess the viability of options.

2.56 The key findings of the study identified that:

- the supply of employment floorspace in Shrewsbury is limited to stock within older buildings, with demand focused on short-term flexible leases typically for suites of less than 2000sq.ft;
- in the market towns there is limited availability of space:

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<sup>30</sup> M54 Growth Corridor – Strategic Options Study (Avison Young) 2019 at: <https://shropshire.gov.uk/planning-policy/local-planning/local-plan-review/evidence-base/>

<sup>31</sup> Innovative Workspace Demand Study (Amion Consulting) 2018 at: <https://shropshire.gov.uk/planning-policy/local-planning/local-plan-review/evidence-base/>

- in Ludlow, the majority of units are less than 3,500 sq.ft within multi-occupied buildings;
- in Oswestry, the office market comprises around 34 office properties with take up rates being low in the town;
- in other market towns there is limited evidence of demand for new workspace. Business demand may be supplied from re-use or conversion of existing floorspace / surplus space or may be tested further through pilot projects including pop-up workspaces schemes or a rural workspace fund for public sector provision;
- demand from businesses of all sizes is focused on general office or new workspace. Larger businesses prefer to expand existing premises or to relocate which indicates a demand for larger industrial units requiring investment on existing or new business parks;
- demand focused on small spaces under 5000sq.ft. with small spaces under 1000sq.ft.. Again, the market seeks short-term flexible arrangements and competitively priced floorspace offering good quality accommodation relative to the needs of the enterprise;
- Provision of ‘grow on’ space recommended as part of larger developments offering ‘start-up’ spaces through sub-division with possible ‘break through’ expansion into adjoining units;
- Limited evidence of significant demand for sector-based floorspace provision;
- Limited demand for ‘innovation space’ or spaces to support R&D activity;
- Flexible arrangements focused on short term occupancy or licence arrangements with competitive rents on an all-inclusive basis.

### **Study of Business Grow on Space & Priority Sectors in Shropshire<sup>32</sup>**

2.57

The assessment of priority sectors in Shropshire considered the trends, issues and opportunities affecting businesses in advanced manufacturing, agricultural technology, low carbon, medical technologies, health and social care, creative and digital technology, food and drink, and tourism. The key findings of this assessment were that:

- there is increasing ‘cross-over’ in the floorspace demands between different sectors and this is driven by the use of technologies in both manufacturing and service industries;
- this ‘cross-over’ is an important factor to consider when assessing support needs because:
  - it is better to create a supply of generic expansion premises that could be configured to the needs of individual businesses than to attempt to tailor premises before they are let;
  - companies place a premium on other forms of support such as help with the cost of refurbishment to assist them to expand and The Marches has used grants for this purpose;
  - it is important to develop links with partners to broaden, strengthen, simplify and direct the business support packages on offer.
- there are still exceptions to these general trends in the market due to:
  - the need to maintain and strengthen links with the largest employers in the County to understand their plans;

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<sup>32</sup> Study of Business Grow on Space & Priority Sectors in Shropshire (Inspira Consulting) 2017 at: <https://shropshire.gov.uk/planning-policy/local-planning/local-plan-review/evidence-base/>

- the benefits of establishing a nucleus of companies in the same sector to foster growth such as modest floorspace development for the medical technologies sector adjacent to the Robert Jones and Agnes Hunt Hospital near Oswestry;
- the need to digest the findings of in-depth sector analysis commissioned by the Marches LEP across all priority sectors;
- the need to develop 'forum' arrangements to meet periodically with key sector representatives of emerging sectors to better understand their support needs.

2.58 The County has many business parks but only a limited supply of suitable premises and comparatively few offer floorspace above 3,500 sq. ft. Contributors to the study corroborated these findings, reporting that:

- the policy of a balanced, county-wide approach to development is appropriate
  - enquiries are at a healthy level and remain buoyant in most of the market towns and in Shrewsbury;
  - actual demand with some latent demand where companies are deferring the decision to expand/relocate because of a perceived shortage of supply;
- the allocation of employment land for the future is sufficient to meet its needs;
- several of the development sites are a long way from completion, or even commencement, in some cases;
- companies' expansion plans do not accommodate such long-time scales as they require good quality premises to move into fairly quickly;
- Speculative developers are nervous about developing premises on which they may have to pay business rates while vacant;
- an insufficient supply to meet demand with instances where companies relocate out of the County.

2.59 Contributors to the study believed the Council had a central role to play in enabling development and pointed to several avenues to improve their interventions including:

- developing partnership working and networking to tap market intelligence and develop relationships with agents and developers to overcome problems;
- working with universities to design new solutions e.g. for incubator space;
- encouraging the development of generic workspace provision, fitted out afterwards to meet the needs of the particular occupant;
- ensuring that the Council is seen to be 'open for business' with a clear and well publicised client-centred approach to business enquiries.

## 3.0 Shropshire Socio-Economic Context

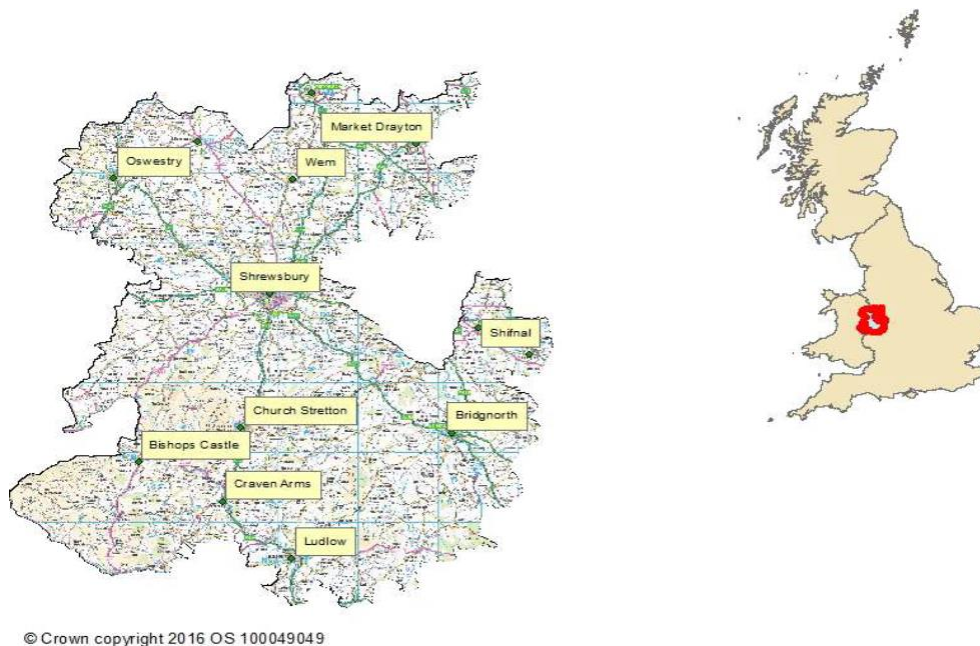
### Introduction

- 3.1 This chapter sets out the socio-economic profile of Shropshire. The information helps develop an understanding of the key characteristics of the County (excluding Telford and Wrekin) and its local economy. This will inform the assessment of the functional economic market area [FEMA] for Shropshire and the future growth prospects for the County.

### Location

- 3.2 Shropshire is located in the west of England on the border with Wales (adjacent to the County of Powys). Shropshire is situated within the West Midlands region to the west of the conurbations of Birmingham and the Black Country. The principal transport corridors are the A49 from South Wales (south) to the North West (north) of England and the A5 from the West Midlands (east) to North Wales/Chester (west). The A5 extends from the M54 motorway which links to the national network at Junctions 10A and 11 of the M6.

Figure 3.1 Shropshire Locational Context



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Source: Shropshire Council 2020

- 3.3 Shropshire comprises 1,234 square miles (3,196 sq. kilometres) and is the second largest inland county in England after Wiltshire at 1,346 square miles (3,486 sq. kilometres). This large administrative area is quite sparsely populated, with an average of just over one person per hectare (1.01 persons) compared with 4.3 persons per hectare for England as a whole<sup>33</sup>.
- 3.4 Shropshire has a large rural population with around 35%<sup>34</sup> of its population living in villages, hamlets or dwellings dispersed throughout the countryside. The remainder of the population live in either the county town of Shrewsbury or one of the market towns of Oswestry,

<sup>33</sup> LG Inform: Population density, persons per hectare in England (Local Government Association) 2019 at [https://lginform.local.gov.uk/reports/lgastandard?mod-metric=176&mod-area=E92000001&mod-group=AllRegions\\_England&mod-type=namedComparisonGroup](https://lginform.local.gov.uk/reports/lgastandard?mod-metric=176&mod-area=E92000001&mod-group=AllRegions_England&mod-type=namedComparisonGroup)

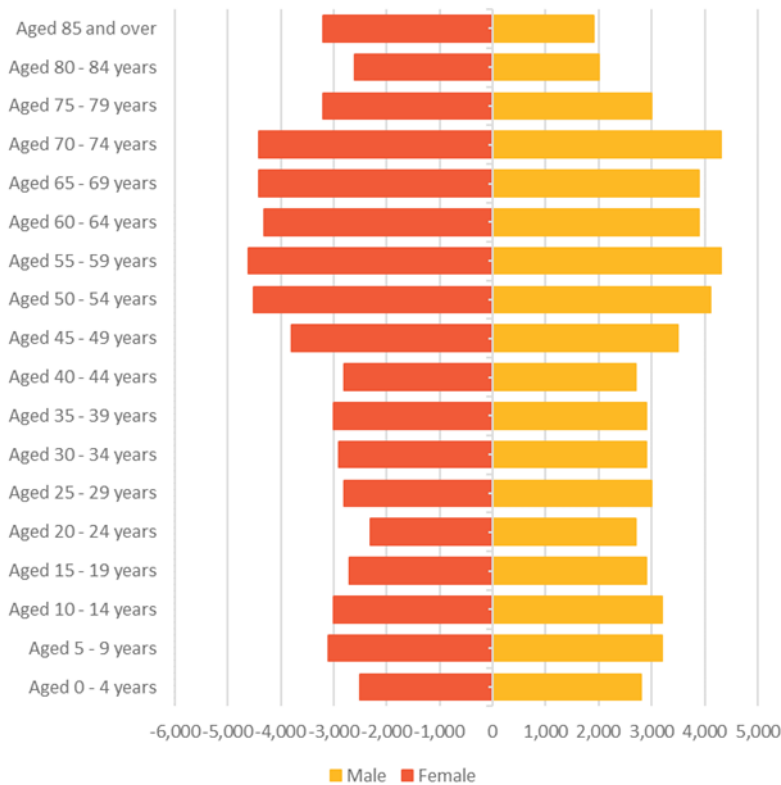
<sup>34</sup> ONS Rural/Urban Classification

Bridgnorth, Market Drayton, Whitchurch or Ludlow or one of the other 11 key service centres of Albrighton, Bishops Castle, Broseley, Church Stretton, Cleobury Mortimer, Craven Arms, Ellesmere, Highley, Much Wenlock, Shifnal, and Wem.

## Population

- 3.5 The total resident population of Shropshire in 2019 was 323,136, having grown 7.0% from 302,069 10 years earlier, a level of growth slightly lower than that of the West Midlands (7.3%) and England and Wales (7.6%) over the same period<sup>35</sup>. However, the working age (16 – 64) population in Shropshire has grown by just 0.9% over that same period, which is slower than the West Midlands rate (3.4%) and the national rate (3.8%).
- 3.6 Figure 3.2 illustrates Shropshire’s population age and gender structure in 2019. Overall there is a ratio of 50.4 females to 49.6 males, which is virtually identical to the national average. 60.2% of the total population in Shropshire (194,649 people) are of working age (between 16 and 65). This is a slightly lower proportion than the West Midlands (62.7%) and England and Wales as a whole (62.7%). Shropshire has a much higher proportion of over 65s living in the area, at 79,762 residents, or 24.7% of the population, compared with just 18.5% across the UK as a whole and 18.6% in the West Midlands.

Figure 3.2 Shropshire Population Age Structure (2019)



Source: ONS (2020): *Mid-Year Population Estimates*

- 3.7 These demographic changes suggest that Shropshire’s labour market is not being replenished by younger people as quickly as elsewhere across the country. The future availability of labour supply will influence the demand for employment space.

<sup>35</sup> ONS (2020) Mid-Year Population Estimates

- 3.8 These concerning trends are magnified in the latest 2018-based Sub-National Population Projections [SNPP] for the County. Over the Plan period 2016-2038, Shropshire is projected to gain 57,496 new residents over the next 22 years to 2038 equating to a growth rate of 18.3%, significantly higher than the projected regional growth of 12.9% and the national rate of 9.9%<sup>36</sup>. However, the vast majority of this growth relates to residents over the age of 65, with 46,856 additional older residents at a very high growth rate of 66.8%. In contrast, the number of residents of working age will increase by just 5.1%, or 9,368. This is below the regional growth rate of 7.9%, well but above the national growth rate of 3.7%.

Table 3.1 Population Growth for Shropshire and comparator areas 2016-38

	Net Total Growth	Total Growth %	Working Age Growth	Working Age Growth %	Over 65s Growth	Over 65s Growth %
<b>Shropshire County</b>	<b>57,496</b>	<b>18.3%</b>	9,368	5.1%	46,856	66.8%
West Midlands	751,613	12.9%	279,276	7.9%	405,165	40.4%
England	5,498,186	9.9%	1,250,487	3.7%	4,321,069	46.4%

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

## Labour Force and Employment

### Economic Activity and Unemployment

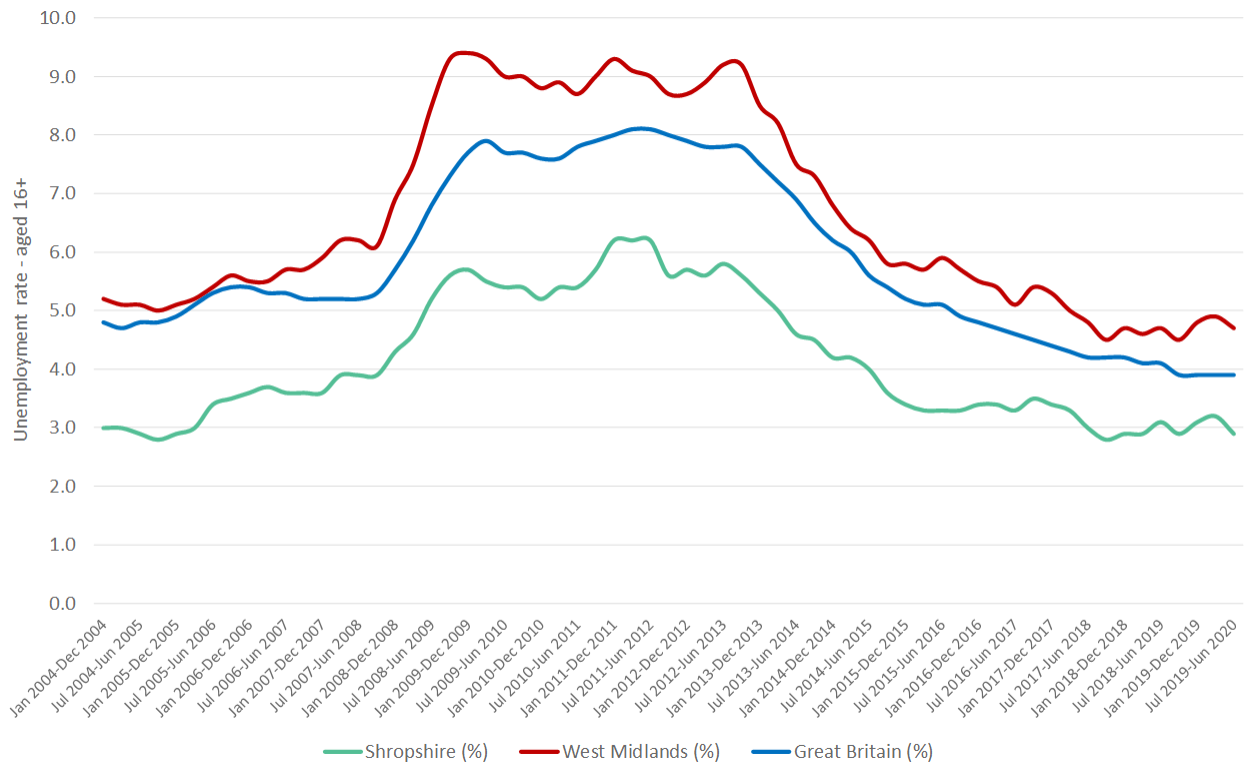
- 3.9 The economic activity rate in Shropshire is 83.2% (aged 16-64), which is high and considerably higher than the West Midlands (78.5%) and Great Britain (79.6%) averages<sup>37</sup>. This represents a slight dip from the high of 85.3% recorded a year earlier, which is unsurprising given the current Pandemic. The rate has been persistently high over an extended period, with the lowest level recorded since 2004/05, 78.3% in July 2005-June 2006, still being on a par with the West Midlands rate today.
- 3.10 However, the economically active population in Shropshire has only increased by 6% between 2004-05 and 2019-20. This is a much lower rate of increase than was experienced across the West Midlands (10%) and England and Wales (12%).
- 3.11 It should be noted that all of these figures were taken before the full effects of the pandemic were felt, and hence it is very likely that the next set of results will be substantially worse, at all spatial levels.
- 3.12 Figure 3.3 illustrates the (ONS model-based) unemployment rates in Shropshire and the comparator areas for the years 2004/05 to 2019/20. This suggests that despite two peaks in 2008/09 and 2010/11, the Council has consistently had a lower unemployment rate than either the West Midlands or Great Britain as a whole. The unemployment rate is currently 2.9% as of June 2020 (with 4,700 people unemployed) compared to 4.7% across the West Midlands and 3.9% nationally, although this is highly likely to increase significantly in the months ahead due to the pandemic and the resultant economic crisis.

<sup>36</sup> ONS Sub-National Population Projections 2018-based (2020)

<sup>37</sup> ONS (2020) Annual Population Survey July 2004-June 2005 to July 2019-June 2020



Figure 3.3 Unemployment Rate aged 16+ (2004-05 to 2019-20)



Source: ONS (2020) Annual Population Survey Jan 2004-Dec 2004 to July 2019-June 2020

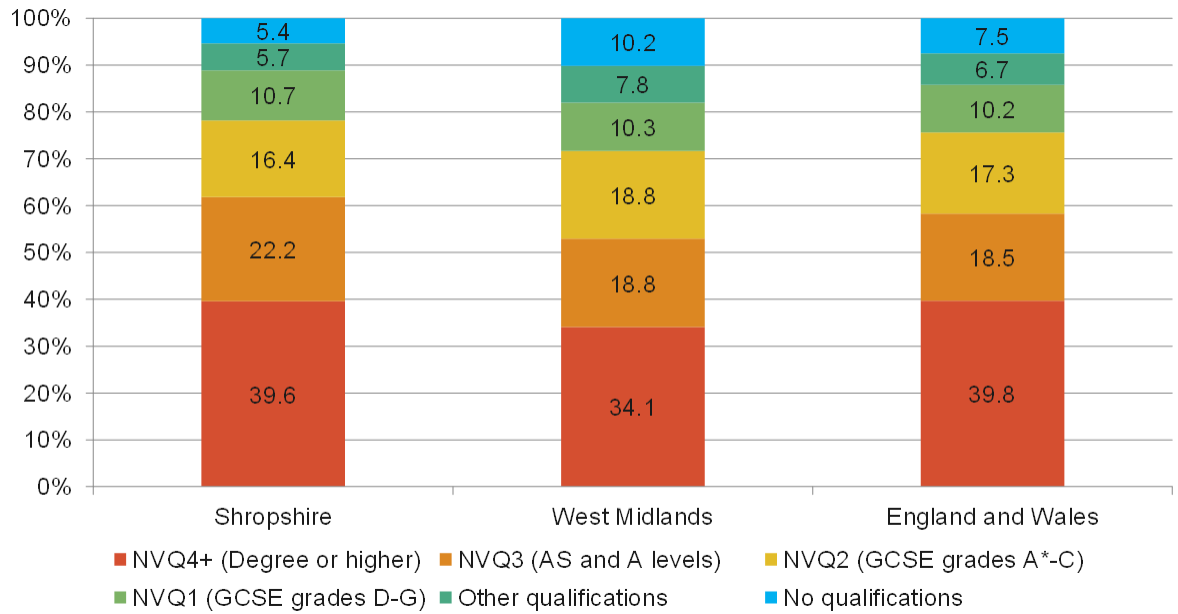
### Skills and Qualifications

3.13

Figure 3.4 presents the qualification levels of residents aged 16 to 64. It indicates that Shropshire has a well-qualified resident workforce when compared to the rest of the West Midlands, with 62% of residents qualified to AS/A level and above compared to 53% regionally and 58% nationally. However, the proportion of people in the Shropshire with degree-level qualifications remains slightly below the national level. Shropshire does have a much lower proportion of residents with no qualifications, with just 9,900 residents unqualified out of 182,100 people aged 16-64 (5.4% of the total, compared to 10.2% for the West Midlands and 7.5% across England and Wales).



Figure 3.4 Qualifications of People Aged 16 to 64 (January-December 2019)



Source: ONS (2020) Annual Population Survey

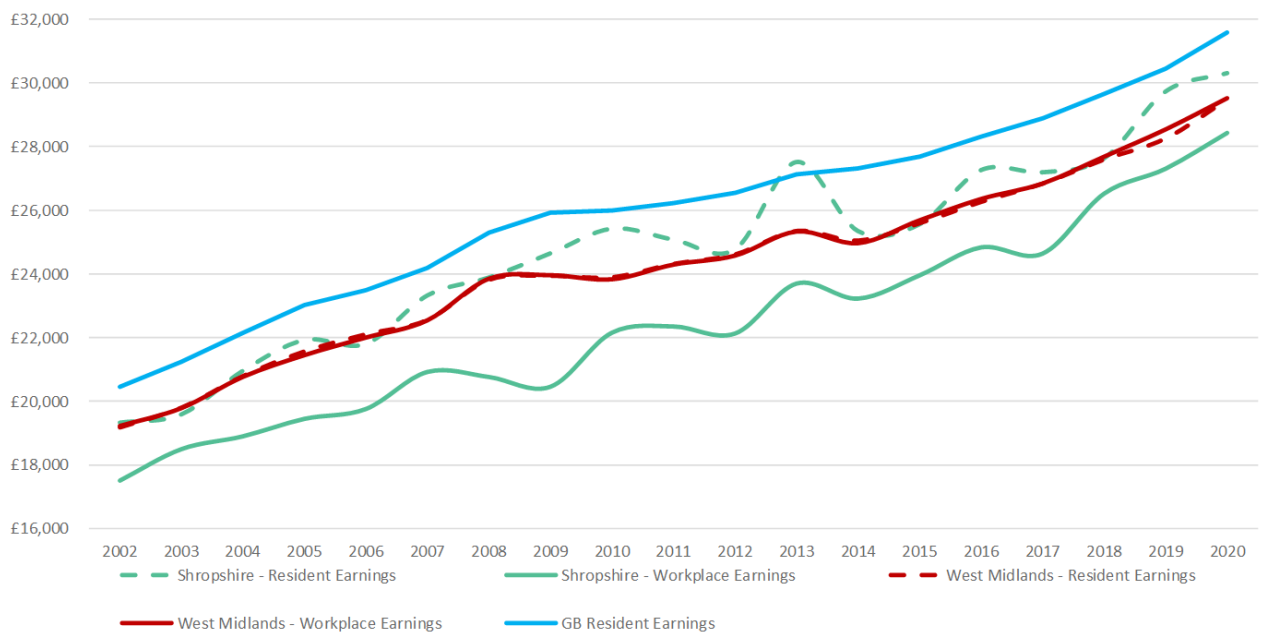
### Wages

3.14

Figure 3.5 compares changes to the gross median annual earnings in Shropshire, West Midlands and the UK between 2002 and 2020. Shropshire’s resident earnings have been consistently higher than the West Midlands average and is currently £29,731 compared to £28,262 across the West Midlands and £30,450 nationally<sup>38</sup>. However, they have plateaued in 2014 and dipped since 2016 and remain well below UK earnings, at £25,905 compared to £30,353 across the UK. Workplace-based earnings are consistently lower than resident-based earnings in Shropshire, at just £27,299.

<sup>38</sup> ONS (2020) Annual Survey of Hours and Earnings

Figure 3.5 Resident and Workplace Gross Median Annual Earnings 2002-2019



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

3.15 Table 3.2 presents percentile earnings groups in Shropshire, the West Midlands and the UK for 2020. Percentile groups show the earnings figure below which that proportion of employees fall. This indicates that Shropshire generally lags behind the UK for both resident and workplace-based earnings, particularly at the upper end of the earnings range.

Table 3.2 Percentile Earnings Groups (2020)

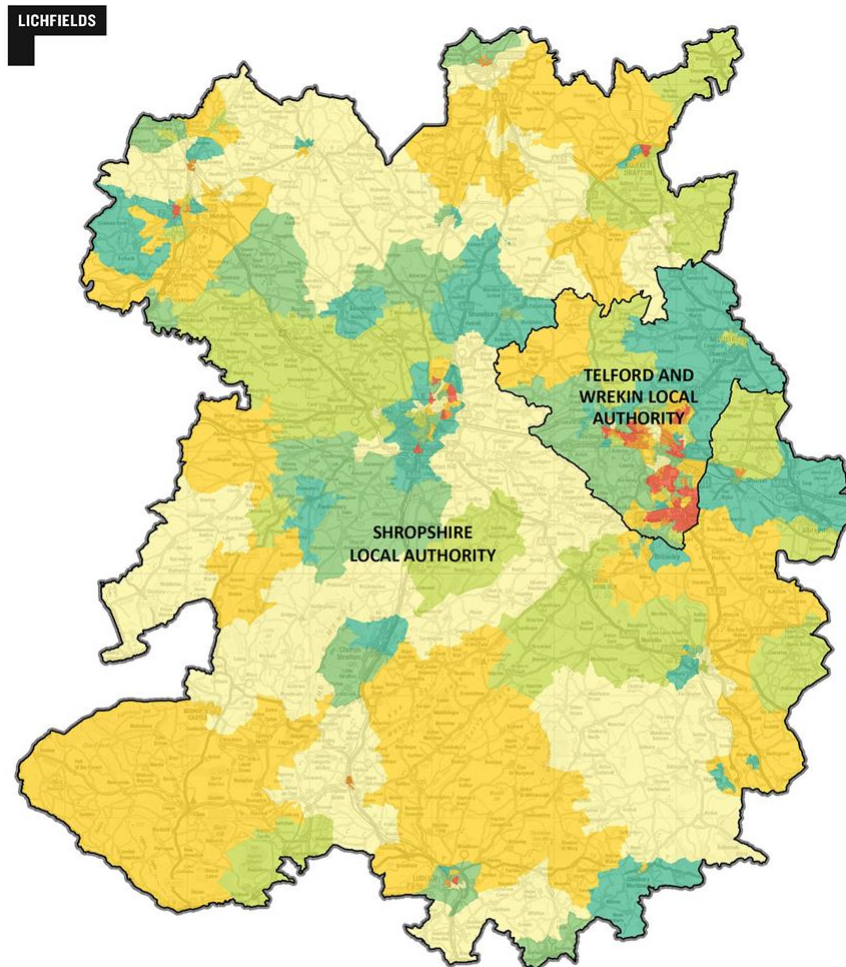
Percentile Group	Workplace			Resident		
	Shropshire	West Midlands	Great Britain	Shropshire	West Midlands	Great Britain
Median	£28,424	£29,516	£31,589	£30,305	£29,481	£31,596
20%	£20,054	£20,344	£21,209	£20,857	£20,350	£21,215
40%	£25,466	£26,254	£27,835	£27,015	£26,203	£27,844
60%	£32,294	£33,590	£35,879	£34,643	£33,415	£35,890
80%	£40,535	£44,093	£48,094	£43,255	£44,003	£48,104

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

## Deprivation

3.16 Shropshire is characterised as having moderate levels of deprivation, with a ranking of 165<sup>th</sup> most deprived out of 317 local authority areas based on the ONS Indices of Multiple Deprivation (2019). However, as can be seen from Figure 3.6, there are also pockets of severe deprivation in Shrewsbury, Market Drayton, Oswestry and to a lesser extent, Ludlow. There are concentrations of affluence elsewhere in Shrewsbury Town however, as well as around Shawbury, Baschurch, Pontesford, Church Stretton and Shifnal.

Figure 3.6 Deprivation Levels in Shropshire and the M54 Corridor



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Source: MHCLG (2019) Indices of Multiple Deprivation

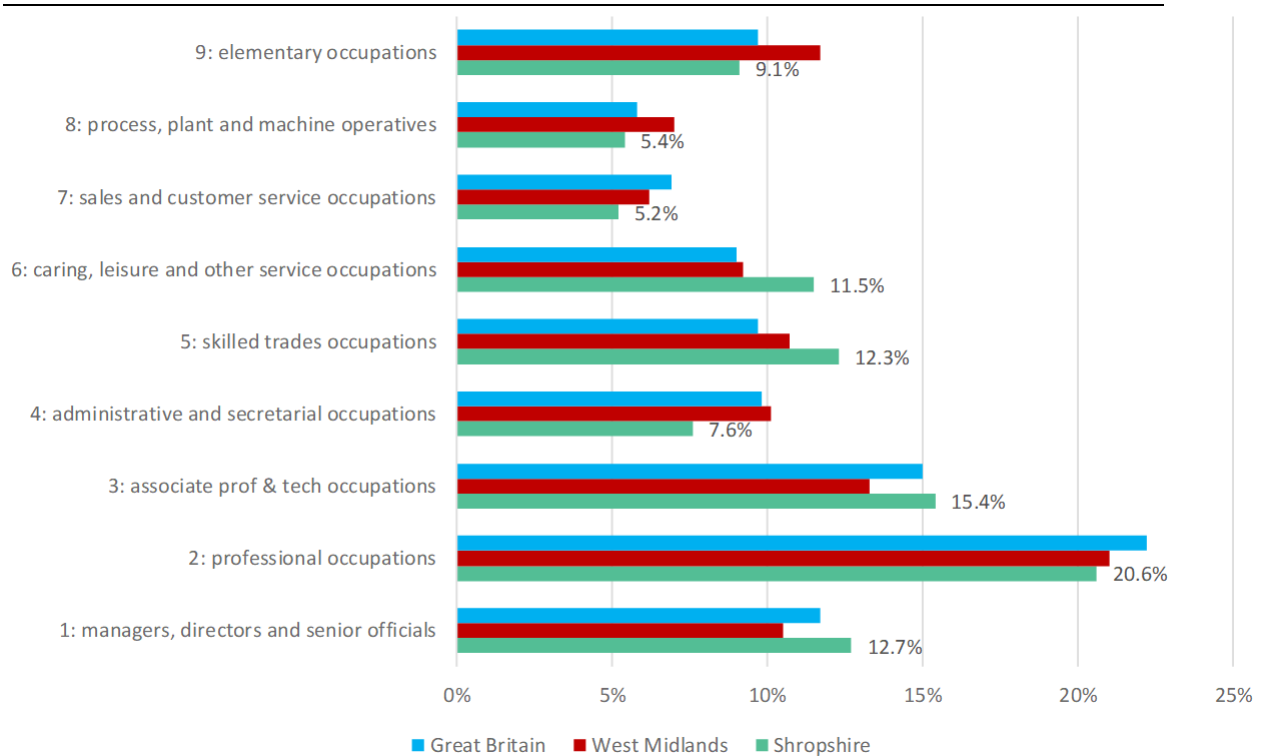
## Economic Resilience

### Occupations

3.17

Figure 3.7 plots the proportion of Shropshire’s residents who are employed in certain occupation grades, as of 2019/2020, against regional and national comparators. In general, it is apparent that the County has some interesting differences in the composition of its workforce occupations to the rest of the West Midlands and Great Britain. The most striking difference relates to Skilled Trades, with 12.3% of all people in employment classified as working in this occupation, compared to 10.7% across the West Midlands and 9.7% nationally. The County also has a comparatively high proportion of people in the highest occupation category, managers, directors and senior officials, and comparatively few in the process and elementary occupations categories 8 and 9)– just 14.9%, compared to 18.7% regionally and 15.5% nationally.

Figure 3.7 Workforce Occupations (July 2019 – June 2020)



Source: ONS (2020) Annual Population Survey - Occupations

### Industry Sectors

3.18 The rural nature of Shropshire’s economy is reflected in Table 3.3, which presents the breakdown of employee jobs by industrial sector. Of the 121,000 employee jobs based in the County as of 2019, 63% are full time, which is a lower percentage than both the regional (67%) and national (68%) rates.

3.19 Broken down by sector, the Table shows that 15.7% of all employees (around 19,000 in total) work in the social care and health sector in Shropshire, compared to 13.4% across the West Midlands and 13.1% nationally. Shropshire is well represented by businesses in construction, wholesale, motor trades, accommodation & food services and utilities. In contrast, Shropshire has comparatively fewer office-based jobs such as information & communication, financial services, administration and professional, scientific & technical businesses.

Table 3.3 Employee Jobs by Industrial Sector, 2019

	Shropshire Employee Jobs	Shropshire (%)	West Midlands (%)	Great Britain (%)
<b>Total employee jobs</b>	<b>121,000</b>	-	-	-
<b>Full-time</b>	<b>76,000</b>	<b>62.8%</b>	<b>66.6%</b>	<b>67.8%</b>
<b>Part-time</b>	<b>45,000</b>	<b>37.2%</b>	<b>33.4%</b>	<b>32.2%</b>
B: Mining and quarrying	250	0.2%	0.1%	0.2%
C: Manufacturing	12,000	9.9%	11.7%	8.0%
D: Electricity, gas, steam and air conditioning supply	175	0.1%	0.4%	0.4%
E: Water supply; sewerage, waste management and remediation activities	1,250	1.0%	0.8%	0.7%
F: Construction	7,000	5.8%	4.5%	4.9%
G: Wholesale and retail trade; repair of motor	21,000	17.4%	16.1%	15.0%

	Shropshire Employee Jobs	Shropshire (%)	West Midlands (%)	Great Britain (%)
vehicles and motorcycles				
H: Transportation and storage	5,000	4.1%	6.0%	4.9%
I: Accommodation and food service activities	12,000	9.9%	7.4%	7.7%
J: Information and communication	2,500	2.1%	2.6%	4.3%
K: Financial and insurance activities	1,500	1.2%	2.4%	3.5%
L: Real estate activities	2,250	1.9%	1.7%	1.7%
M: Professional, scientific and technical activities	9,000	7.4%	6.4%	8.8%
N: Administrative and support service activities	6,000	5.0%	9.5%	8.9%
O: Public administration and defence; compulsory social security	5,000	4.1%	3.7%	4.4%
P: Education	10,000	8.3%	8.9%	8.7%
Q: Human health and social work activities	19,000	15.7%	13.4%	13.1%
R: Arts, entertainment and recreation	3,000	2.5%	2.3%	2.5%
S: Other service activities	3,000	2.5%	2.0%	2.0%

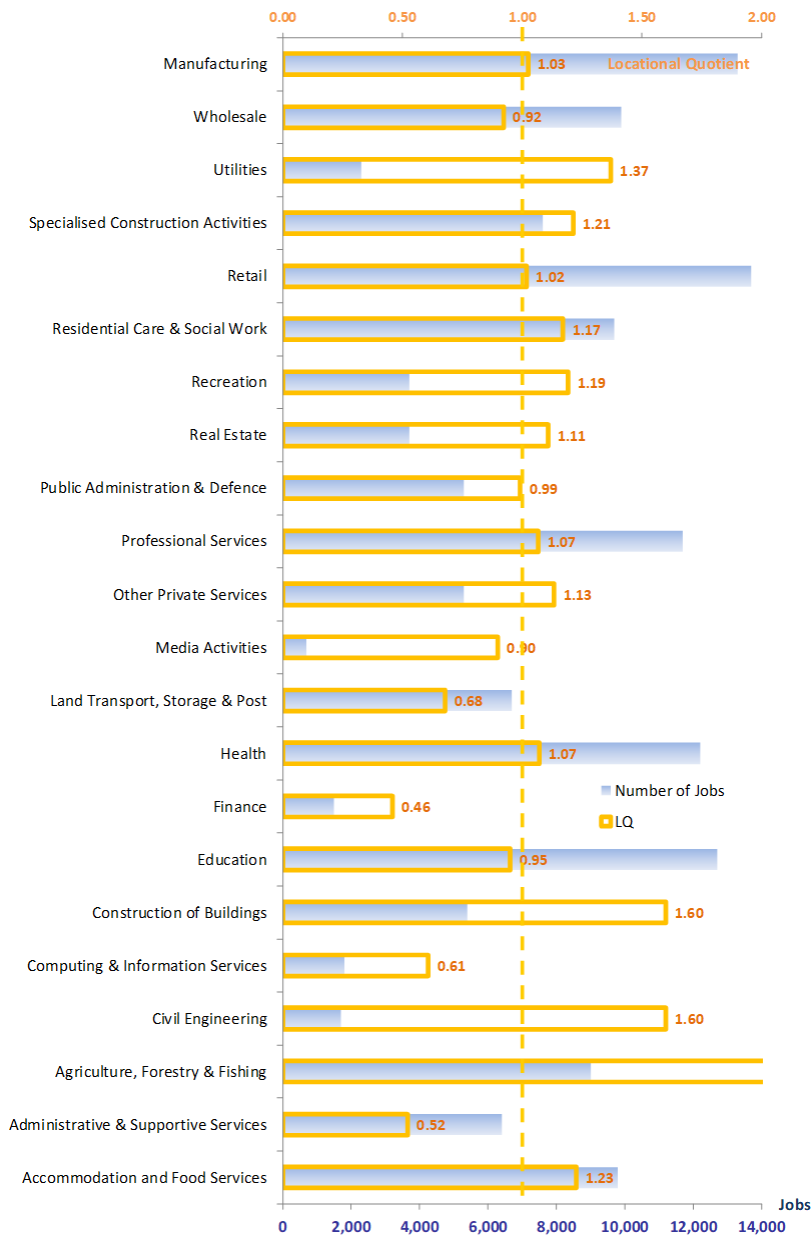
Source: ONS (2020) Business Register and Employment Survey: open access

### Location Quotients

- 3.20 Whilst recent Government policy has focused on spatial led growth models, there is an increasing need for and shift towards sector-based growth models. In order to identify the full economic potential of Shropshire County, it is important to revisit which industrial sectors are best placed to drive future growth. This is informed by an understanding of which sectors are under or over-represented in terms of local employment and their recent growth performance.
- 3.21 Figure 3.8 assesses Shropshire County's current sectoral strengths through the use of location quotients, which measure the proportion of employment in an industry at the local authority level relative to the regional average. In the graph, the location quotients are shown using an orange bar. A value above 1.0 denotes a higher local representation of a sector compared to the West Midlands average, whilst anything below 1.0 signifies an under-representation. The further the orange bar is from 1.0, the greater the extent of any over or under-representation. In addition, the blue bars show the absolute level of employment within Shropshire County accounted for by each sector.
- 3.22 The graph indicates that the County has an extremely strong employment representation in Agriculture (with an LQ off the scale at 4.83), Construction, Civil Engineering, Accommodation and Food Services, Retail, Recreation, Utilities, Health, Residential Care and Social Work. The Accommodation & Food Service, Retail, Health, Agriculture, Manufacturing, Professional Services and Education sectors also employ very high levels of workers in absolute terms.
- 3.23 This is hardly a surprising finding - the attractive rural scenery of the County ensures that agriculture and tourism (and tourism-related sectors such as hospitality) are key sectors of the local economy. Whilst employing large numbers of the local workforce, the public sector is generally of a scale that would be expected across the wider region.
- 3.24 Conversely, the chart also illustrates the very low rate (and in some cases, almost complete absence) of employment in several white-collar sectors such as IT, finance, administration and

support services. In general, logistics and warehousing is in below the level that might be expected elsewhere in the region, with Wholesale employing 9,900 workers in Shropshire, which is around 8% below the level that might be expected, whilst Land transport, storage and post employs 6,700 workers, 32% below the anticipated level across the wider West Midlands.

Figure 3.8 Location Quotients of Economic Sectors in Shropshire County, 2019



Source: Experian 2020 / Lichfields' Analysis

## Economic Conditions and Trends

### Macro-Economic Trends

3.25

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

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

Figure 3.9 UK GDP Monthly index, January 1997 until September 2020

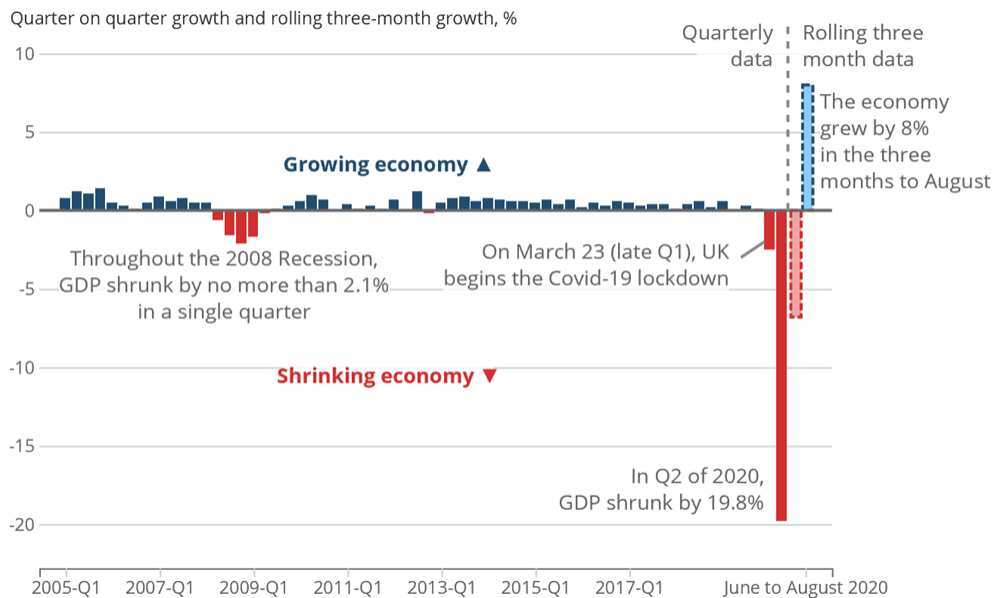


Source: ONS GDP Monthly Estimate, November 2020

- 3.27 The latest official figures from the Office for National Statistics [ONS] show that UK Gross Domestic Product [GDP] fell by 20.4% in Q2, meaning the UK entered a technical recession (following two consecutive quarterly falls). This is the largest fall since monthly records began in 1997, reflecting record widespread falls in services, production and construction output as the negative impacts of social distancing and lockdown took effect (Figure 3.9). However, more recent data suggests that GDP grew by 15.5% in Quarter 3 (July to Sept), as restrictions on movement eased across June, July, August and September but has not recovered to pre-pandemic levels.
- 3.28 Monthly gross domestic product (GDP) grew by 1.1% in September 2020 as lockdown measures continued to ease. As a result, September 2020 GDP is now 22.9% higher than its April 2020 low. However, it remains 8.2% below the levels seen in February 2020, before the full impact of the coronavirus (COVID-19) pandemic. According to ONS, there has also been a loss in momentum through Quarter 3 (July to Sept) 2020.
- 3.29 Monthly GDP in August increased 2.2%, driven by accommodation and food service activities, which contributed 1.18%. This was because of the combined impact of easing lockdown restrictions and the Eat Out to Help Out Scheme, which boosted consumer demand for bars and restaurants, and the accommodation industry also increased as international travel restrictions boosted domestic “staycations”<sup>39</sup>. This equates to a UK GDP reduction of 8.0% across the three months to August 2020 following two consecutive quarterly falls, as shown in Figure 3.10.

<sup>39</sup> ONS (November 2020): GDP monthly estimate, UK: September 2020

Figure 3.10 UK GDP growth, Quarter 1 (Jan to Mar) 2005 until June to August 2020

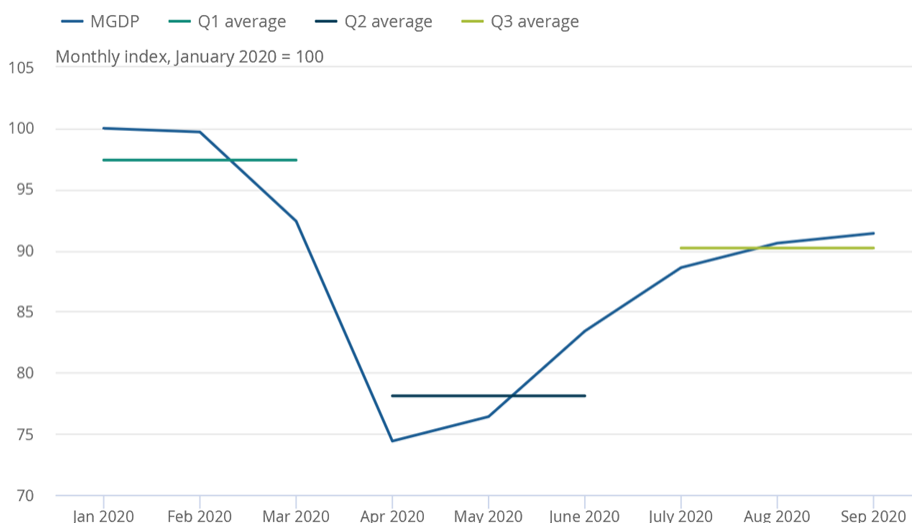


Source: ONS October 2020

3.30

Monthly gross domestic product (GDP) **grew by 1.1% in September 2020** as lockdown measures continued to ease. Professional, scientific and technical activities had the largest contribution, as legal activities, accounting and advertising saw strong growth after a muted August. Education also had a large positive contribution in September as many children returned to school<sup>40</sup>. In total, and as can be seen in Figure 3.11, GDP grew by 15.5% in Quarter 3 (July to Sept), following two consecutive quarterly falls but has not recovered to pre-pandemic levels.

Figure 3.11 UK, Monthly index and quarterly average, January to September 2020



Source: ONS GDP Monthly estimate November 2020

3.31

In terms of other sources, the Office for Budget Responsibility [OBR] reports that the virus has exacted a heavy and mounting toll on the public finances. In its central forecast, receipts this year are set to be £57 billion lower, and spending £281 billion higher, than last year. In OBR's

<sup>40</sup> ONS (November 2020): GDP monthly estimate, UK: September 2020

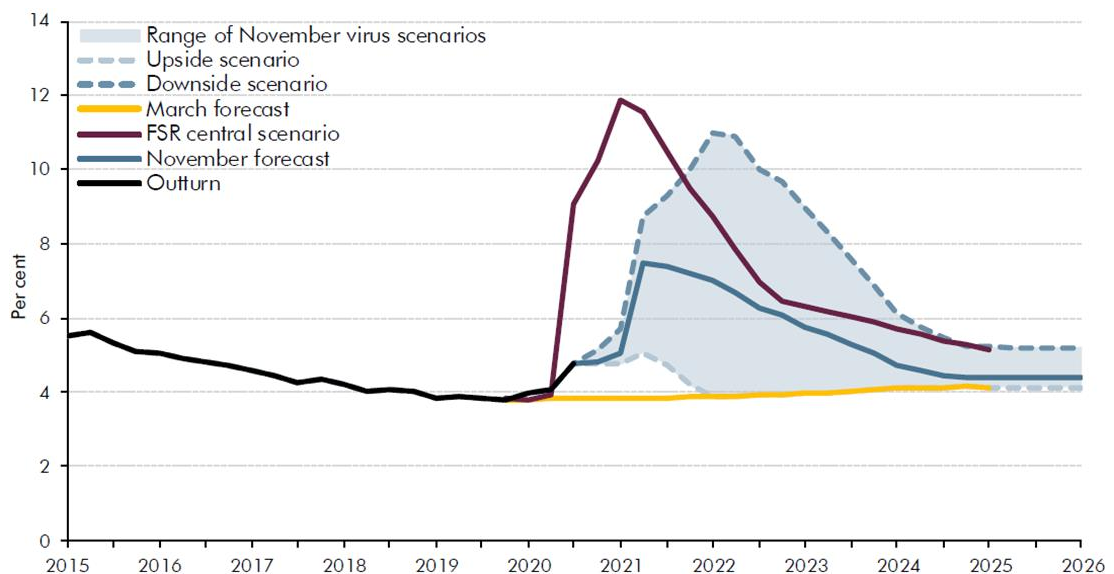


November 2020 central forecast, the combined impact of the virus on the economy and the Government’s fiscal policy response pushes the deficit this year to £394 billion (19% of GDP), its highest level since 1944-45, and debt to 105% of GDP, its highest level since 1959-60.

*“The support provided to households and businesses has prevented an even more dramatic fall in output and attenuated the likely longer-term adverse effects of the pandemic on the economy’s supply capacity. And the Government’s furlough scheme has prevented a larger rise in unemployment. Grants, loans, and tax holidays and reliefs to businesses have helped them to hold onto workers, keep up to date with their taxes, and avoid insolvencies. Nonetheless, we anticipate a significant rise in unemployment – to 7.5% in our central forecast – as this support is withdrawn in the spring.”<sup>41</sup>*

3.32 The recently announced extensions to the Coronavirus Jobs Retention Scheme [CJRS], Self-Employment Income Support Scheme (SEISS) and other business support measures translated what could have been a very large and rapid increase in unemployment into a very large fall in average hours worked, as firms retained furloughed workers on zero (or greatly reduced) hours. OBR’s revised central forecast indicates that even with these measures in place, unemployment is still likely to peak at 7.5% in the second quarter of 2021. The CJRS extension is expected to result in the peak in unemployment occurring two quarters later and at a lower level than would have occurred in its absence. The CJRS extension, along with other new measures, are expected to lower the level of unemployment in the second quarter of 2021 by around 300,000 compared to what would have happened in their absence. The unemployment rate rises to just a little over 5% in their upside scenario but 11% in the downside scenario (Figure 3.12).

Figure 3.12 Unemployment rate: central forecast and alternative scenarios



Source: ONS, OBR November 2020

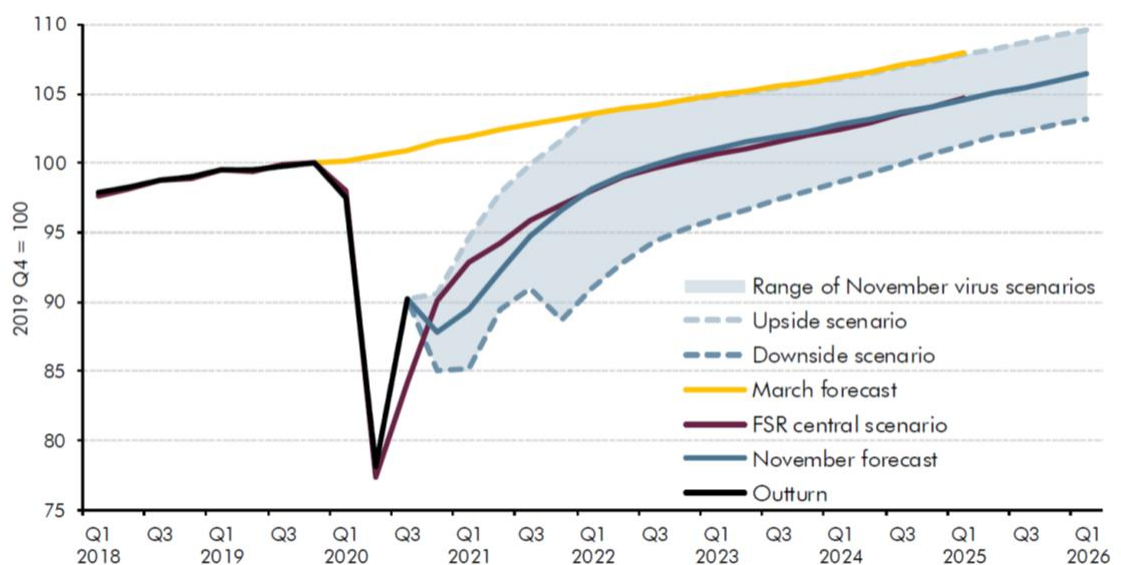
3.33 The OBR recognises that the economic outlook remains highly uncertain and depends upon the future path of the virus, the stringency of public health restrictions, the timing and effectiveness of vaccines, and the reactions of households and businesses to all of these. It also depends on the outcome of the continuing Brexit negotiations. In such circumstances, the OBR notes that the value of a single ‘central’ forecast is limited.

3.34 The OBR has therefore presented three scenarios for the virus: an upside scenario, in which lockdown succeeds in bringing the second wave of infections under control and the rapid rollout

<sup>41</sup> OBR (November 2020): Economic and Fiscal Outlook

of effective vaccines enables output to return to its pre-virus level late next year; a central one, in which restrictive public health measures need to be kept in place until the spring and vaccines are rolled out more slowly, leading to a slower return to pre-virus levels of activity at the end of 2022; and a downside one, in which lock-down has to be extended, vaccines prove ineffective in keeping the virus in check, and a more substantial and lasting economic adjustment is required with economic activity only recovering to its pre-virus level at the end of 2024 (Figure 3.13). In the upside scenario, output eventually returns to its pre-virus trajectory, but output is left permanently scarred by the pandemic in the other two scenarios, by 3% and 6% respectively. All three assume a smooth transition to a free-trade agreement with the EU in the new year. But the OBR also describes an alternative scenario in which the Brexit negotiations end without a deal. This would further reduce output by 2% initially and by 1.5% at the forecast horizon<sup>42</sup>.

Figure 3.13 UK Real GDP scenarios: Central forecast and alternative scenarios



Source: ONS, OBR November 2020

3.35

The same uncertainty clouds the fiscal outlook: “Our virus scenarios suggest the deficit this year will peak at between £353 and £440 billion (17% to 22% of GDP). Depending on the damage to potential output in the medium term, the deficit settles at between 1.7% and 6.1% of GDP by the forecast horizon in 2025-26. Public debt (excluding the uneven effects of Bank of England schemes) continues to rise as a share of GDP over the next five years in all but the upside scenario.” [paragraph 1.8]

<sup>42</sup> OBR (November 2020): Economic and Fiscal Outlook, paragraph 1.7

Table 3.4 Overview of the OBR’s central economy forecast

	Percentage change on a year earlier, unless otherwise stated						
	Outturn		Forecast				
	2019	2020	2021	2022	2023	2024	2025
<b>Output at constant market prices</b>							
Gross domestic product (GDP)	1.3	-11.3	5.5	6.6	2.3	1.7	1.8
GDP per capita	0.7	-11.8	5.2	6.2	2.0	1.4	1.5
GDP levels (2019=100)	100.0	88.7	93.6	99.7	102.0	103.7	105.6
Output gap	0.1	-0.6	-1.1	-0.8	-0.3	-0.2	-0.1
<b>Expenditure components of real GDP</b>							
Household consumption	0.9	-15.1	7.5	9.7	1.7	1.2	1.5
General government consumption	4.1	-7.9	21.1	-3.8	1.2	2.4	2.0
Business investment	1.1	-18.1	1.2	13.7	9.7	6.2	4.6
General government investment	4.0	7.0	5.5	6.1	2.7	1.5	1.5
Net trade <sup>1</sup>	-0.2	2.8	-4.5	-0.3	-0.2	-0.4	-0.2
<b>Inflation</b>							
CPI	1.8	0.8	1.2	1.6	1.7	1.9	2.0
<b>Labour market</b>							
Employment (million)	32.8	32.7	31.9	32.2	32.7	33.1	33.2
Average earnings	2.9	1.2	2.1	2.0	2.4	3.0	3.5
LFS unemployment (rate, per cent)	3.8	4.4	6.8	6.5	5.4	4.5	4.4

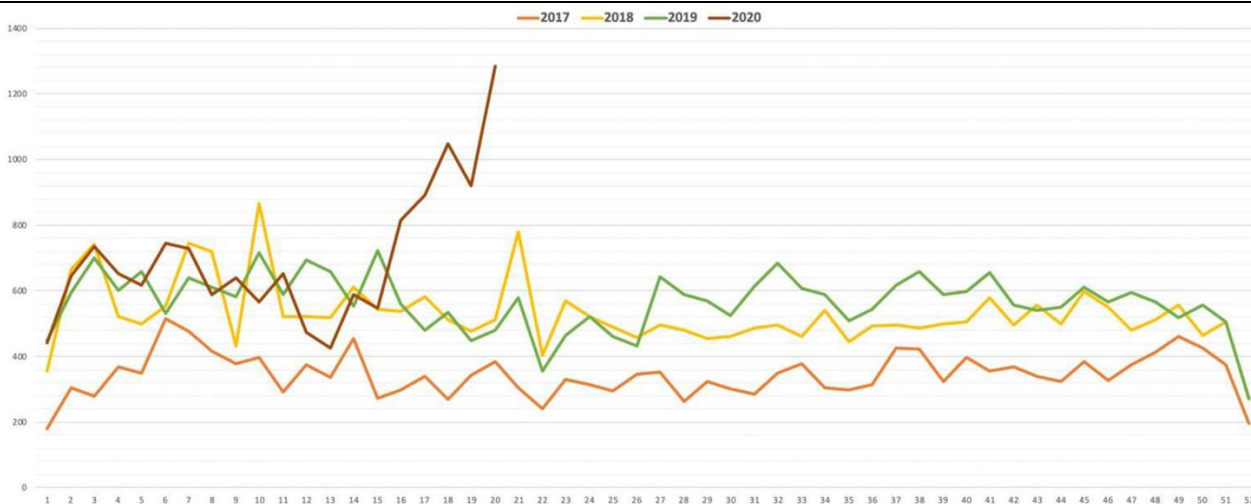
<sup>1</sup>Contribution to GDP growth.

Source: Office for Budget Responsibility (November 2020): Economic and Fiscal Outlook, Table 1.2

### UK Industrial Sector Growth Prospects

- 3.36 In terms of future growth prospects, clearly the uncertainty surrounding the pandemic and Brexit looms large over any attempt to project where the UK and Shropshire in particular may be heading. Research by Experian suggests that a no deal, delayed Brexit may have a particular impact on industrial sectors that are most exposed, such as chemicals and transport equipment, whilst having less of an impact on sectors such as public administration & defence, utilities and agriculture.
- 3.37 Similarly, although no part of the economy is immune from the effects of the pandemic, so far, the impact on individual sectors has varied reflecting the extent to which lockdown measures have forced some industries to temporarily ‘shut down’.

Figure 3.14 Week by Week 2017-2020 Volume of e-Commerce Start-Ups

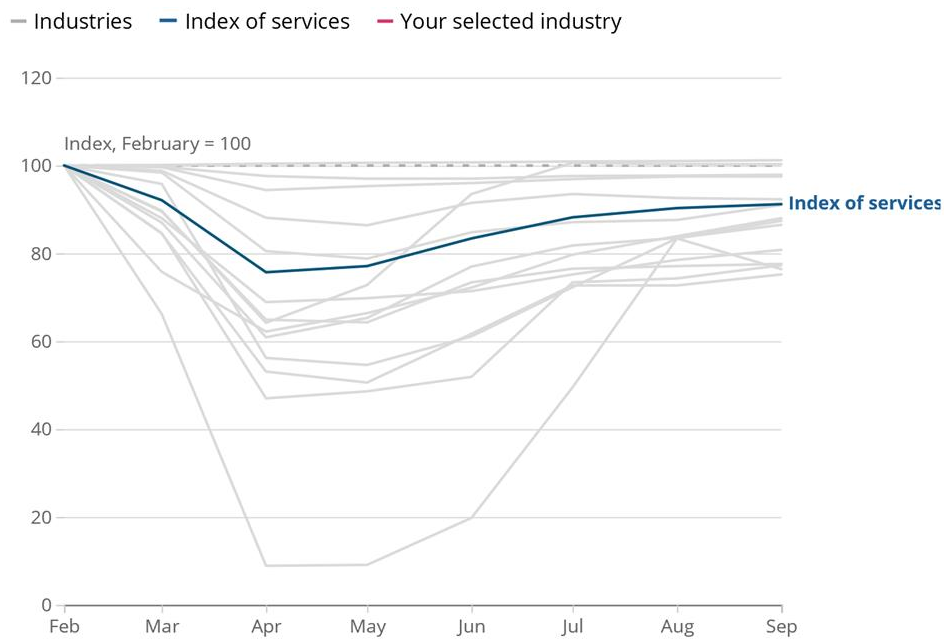


Source: Business Data Group (2020)

3.38 Some sectors have seen their output directly impacted by the lock-down (such as entertainment and recreation) while others have continued to function at some level through remote-working (such as professional services), albeit potentially with reduced capacity. For example, there is clear evidence that there has been a significant shift to e-commerce, with the volume of new eCommerce start-ups increasing significantly since March 2020 (Figure 3.14).

3.39 The services sector remained 8.8% lower than the level in February 2020, before the main impacts of the coronavirus were seen. As can be seen from Figure 3.15, all subsectors of services showed an increase in growth in July 2020, but output in 12 of the 14 sub-sectors of services remains below February 2020 levels.

Figure 3.15 Services Monthly output (Feb 2020 to Sept 2020) as a proportion of February 2020, February 2020 output = 100%

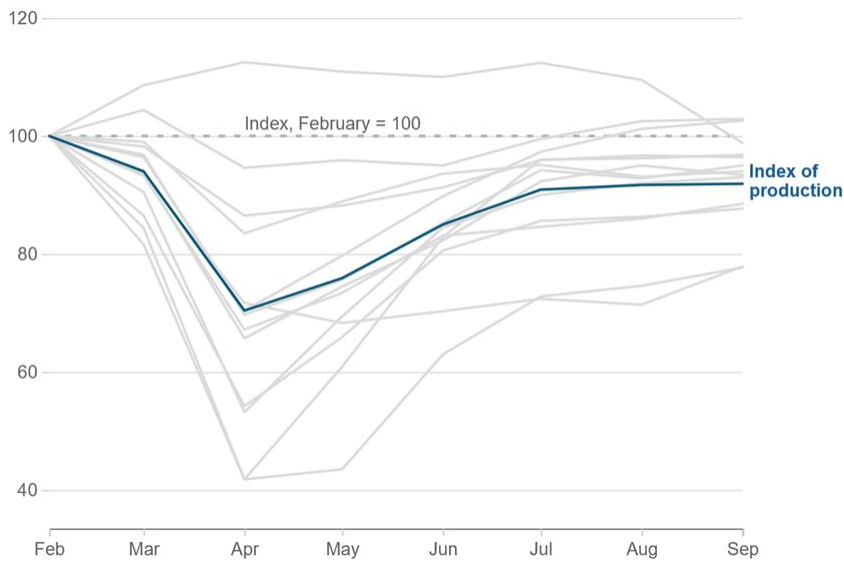


Source: ONS November 2020

3.40 According to the ONS, the production industries remained 5.6% below their February 2020 level, even after growth of 5.2% in June/July, with manufacturing declining by 8.7% since February 2020<sup>43</sup>. All sub-sectors of manufacturing showed an increase in growth in July 2020; however, output in 11 out of 13 sub-sectors of manufacturing had still not recovered to their pre-COVID levels in February 2020 (Figure 3.16).

<sup>43</sup> ONS (November 2020): GDP monthly estimate, UK: September 2020

Figure 3.16 Manufacturing Monthly output (February 2020 to September 2020) as a proportion of February 2020, February 2020 output = 100%

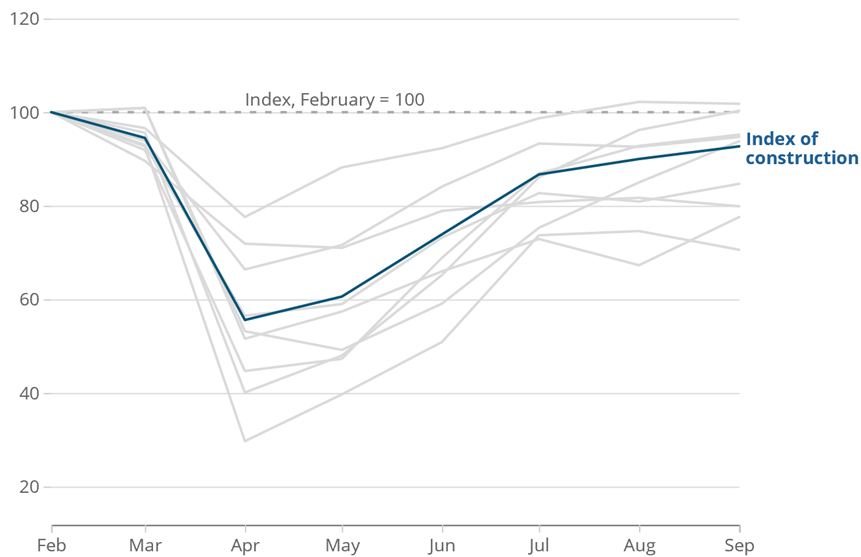


Source: ONS November 2020

3.41 Some sectors have the potential to rebound quickly as lock-down measures are eased, with construction being an obvious example. Even so, the construction sector remains 7.3% lower than the level in February 2020, before the main impacts of the coronavirus were seen. Construction grew by 17.6% in July 2020 but has since slowed with growth at 2.9% in September 2020 (Figure 3.17)<sup>44</sup>.

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

Figure 3.17 Monthly Construction Monthly Output (February 2020 to September 2020) as a proportion of February 2020, February 2020 output = 100%



Source: ONS November 2020 – Construction Output in Great Britain

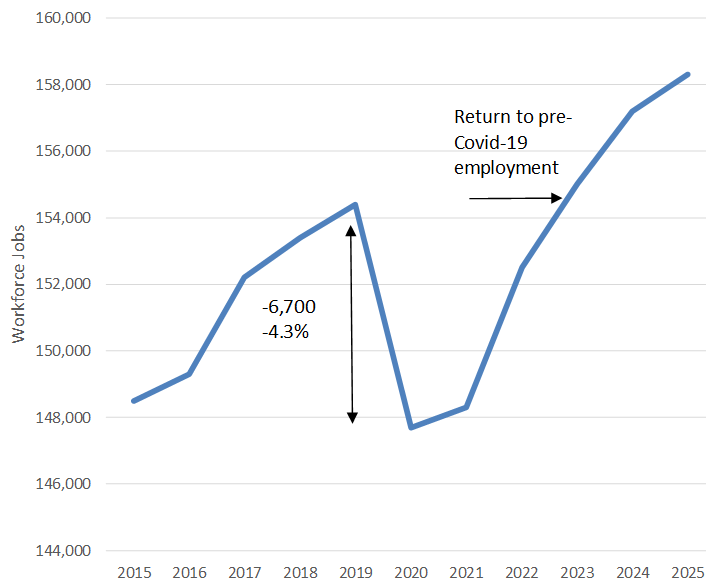
<sup>44</sup> ONS (18<sup>th</sup> September 2020): Coronavirus (COVID-19) roundup: Economy, business and jobs

## Shropshire’s Economic Performance

### Future Job Growth Prospects

- 3.43 Lichfields has modelled Experian’s June 2020 ‘Covid-19 incorporated’ econometric job projections for Shropshire County. Though viewed as a temporary shock, the forecasts imply a significant impact on almost all sectors of the economy and all parts of the County. The forecasts are based on the assumption that the recovery will follow a delayed-V shape, with a substantial drop in output in Q2 2020 as economic activity was highly restricted due to lock-down measures to contain the virus. The virus in the UK is assumed (by Experian) to be brought under control after five months of intensive suppression, with the economy bouncing back in the second half of the year.
- 3.44 Experian forecast a fall of 6,700 jobs this year, or 4.3% of Shropshire County’s workforce, with a protracted recovery that will see a return to pre-Covid levels by 2023 (Figure 3.18). This is broadly in line with the return to 2019 workforce jobs as is projected for the UK as a whole by Experian.

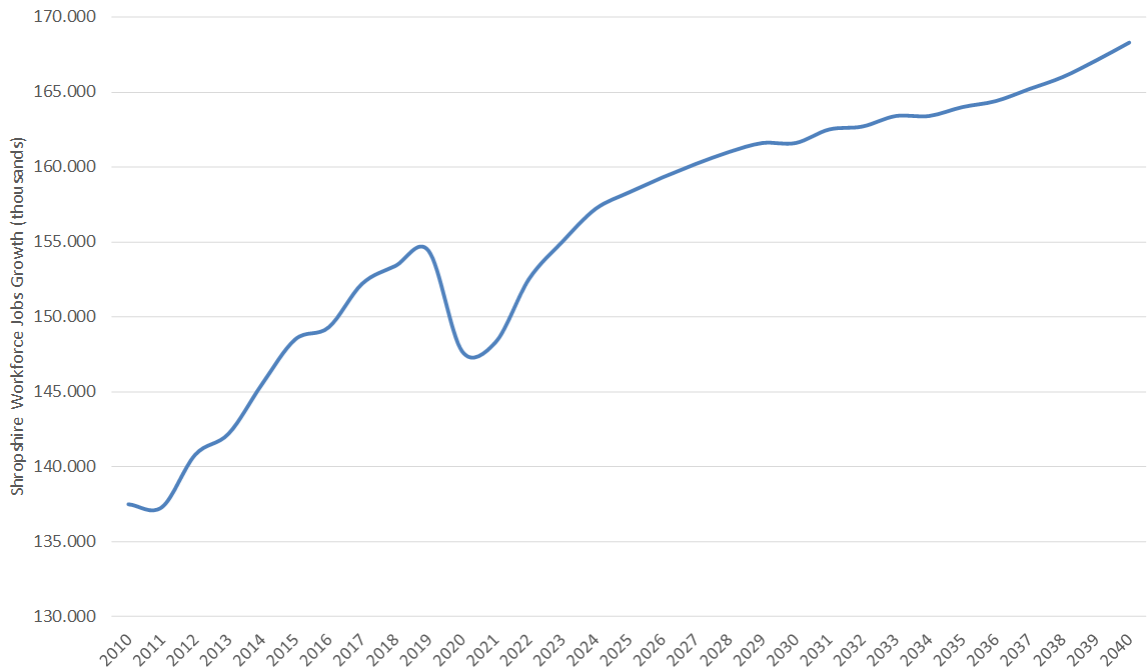
Figure 3.18 Experian: Shropshire County Workforce Jobs 2015-2025



Source: Experian Econometric Forecast June 2020

- 3.45 Over the longer term (Figure 3.19), policy off net job growth between 2020 and 2040 is anticipated to be in the order of 20,600, with much of this growth occurring in the first few years after the Pandemic. This equates to a Compound Annual Growth Rate [CAGR] of just 0.32%.
- 3.46 Shropshire County’s future job growth prospects stand in contrast to the very strong historic job growth experienced since 2010 where an additional 16,900 jobs were created (net) to 2019, boosting the size of the local workforce by 12.3% and a CAGR of 1.30% - a growth rate that is still slightly lower than the 1.47% experienced for England & Wales as a whole over the same time period.

Figure 3.19 Experian: Shropshire County Workforce Jobs over the longer term



Source: Experian Econometric Forecast June 2020

3.47

Table 3.5 shows the projected change in sector employment in Shropshire County over the period 2020 to 2040. The Professional and Other Private Services sector, which already plays the largest role in the local economy in terms of the number of jobs, is projected to play an even bigger role in generating employment opportunities, increasing by 5,500 jobs (or 21%). Similarly, the third largest sector, Health, Residential Care and Social work, is projected to increase from 22,000 jobs to 28,200, an increase of 6,200 jobs or 28%. Both Construction and Accommodation, Food and Recreation sectors are projected to increase by further 3,200 jobs, whilst the Education sector is projected to increase by 1,700 workforce jobs to 2040. The majority of other sectors are either projected to have minimal growth, or in the case of Manufacturing, to decline by 2,900 jobs, or 23.4% to 2040.

Table 3.5 Projected Sectoral Employment Change in Shropshire County 2020-40

	2020		2040		Change from 2020 to 2040	
Accommodation, Food & Recreation	12,600	8.5%	15,800	9.4%	3,200	25.4%
Agriculture, Forestry, Fishing & Mining	9,600	6.5%	10,300	6.1%	700	7.3%
Construction	13,200	8.9%	16,400	9.7%	3,200	24.2%
Education	12,700	8.6%	14,400	8.6%	1,700	13.4%
Finance & Insurance	1,500	1.0%	1,700	1.0%	200	13.3%
Health, Residential Care & Social Work	22,000	14.9%	28,200	16.8%	6,200	28.2%
Information & communication	3,200	2.2%	4,200	2.5%	1,000	31.3%
Manufacturing	12,400	8.4%	9,500	5.6%	-2,900	-23.4%
Professional & Other Private Services	25,900	17.5%	31,400	18.7%	5,500	21.2%
Public Services	5,300	3.6%	5,400	3.2%	100	1.9%
Transport & storage	6,200	4.2%	7,100	4.2%	900	14.5%
Utilities	1,300	0.9%	1,500	0.9%	200	15.4%
Wholesale & Retail	21,800	14.8%	22,400	13.3%	600	2.8%
<b>All Sectors</b>	<b>147,700</b>	<b>100%</b>	<b>168,300</b>	<b>100%</b>	<b>20,600</b>	<b>13.9%</b>

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



## Economic Competitiveness

### Gross Value Added

3.48 Gross Value Added (GVA) in Shropshire has long lagged behind its more urban West Midlands’ counterparts. There are a number of reasons for this, including Shropshire’s traditional reliance on agriculture and related industries, where GVA generation is low compared with other sectors. The lack of corporate headquarters also has an adverse effect, as GVA generation is often attributed entirely to the HQ base rather than being split pro rata to branches. High levels of out-commuting, especially amongst top earners, also suppresses the value of Shropshire GVA (and particularly GVA per capita).

3.49 As can be seen in Table 3.6, Total GVA is currently £4,999,000,000 which equates to just £18,532 per capita – significantly below the GVA levels experienced across the West Midlands (£23,264) and England and Wales more generally (£28,170). Furthermore, and accepting the impact of the current pandemic, growth in GVA in Shropshire has been negative, at -6.6%, which is again a worse state of affairs than the West Midlands (+2.1%) and England and Wales (+0.7%).

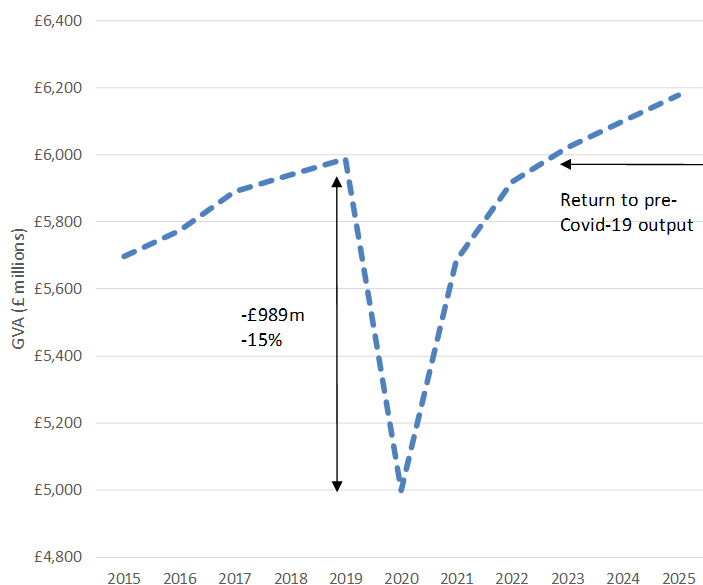
Table 3.6 GVA for Shropshire County and Comparator Areas

	Headline GVA 2019 (£ million)	Headline GVA 2020 (£ million)	% Growth 2010-2020	Per Capita GVA £
Shropshire	5,988	4,999	-6.6%	18,532
West Midlands	138,051	115,031	2.1%	23,264
England and Wales	1,674,417	1,418,311	0.7%	28,170

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

3.50 The latest Experian forecasts also imply a short-term economic impact on productivity worth £989 million during the course of 2020, equivalent to a staggering 16.5% drop in Gross Value Added [GVA] in Shropshire County from pre Covid-19 levels. Whilst output is expected to pick up later in the year, it is likely to take around three years for Shropshire’s productivity to return to 2019 levels.

Figure 3.20 Experian: Shropshire County Economic Output (GVA)

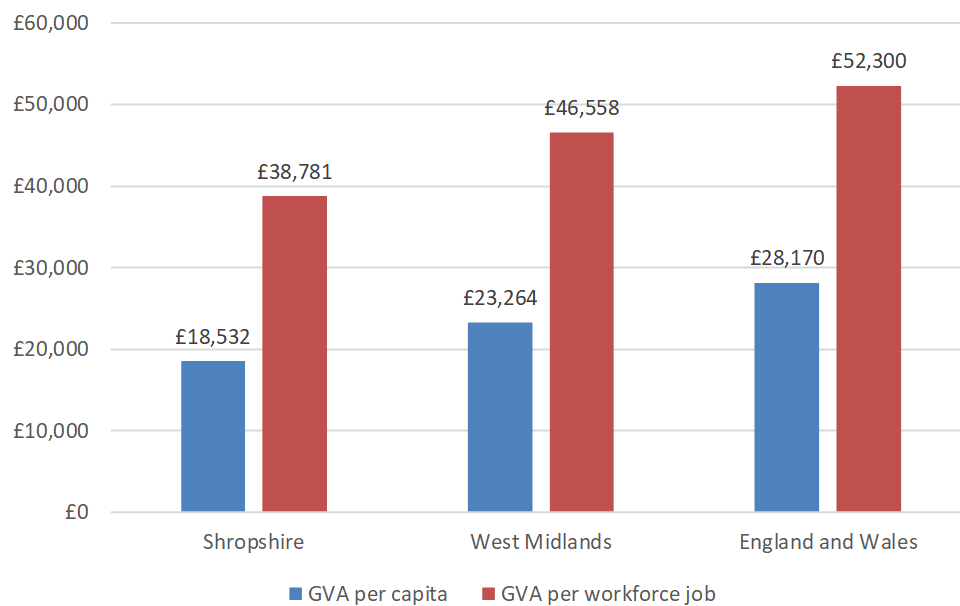


Source: Experian Econometric Forecast June 2020



3.51 However, in contrast to employment, productivity levels are expected to continue to grow relatively strongly in the years ahead, with productivity increasing by £2.58 billion between 2020 and 2040, at a CAGR of 2.1% (compared to a CAGR of 0.65% for workforce jobs growth over the same timeframe). Particularly strong GVA growth is projected for Health (£330.2m, or 2.9% CAGR); Administration & Support Services (£147.6m, or 2.4% CAGR); Real Estate (£433.9m, or 2.1% CAGR); Retail (£195.1m, or 3.0% CAGR); Specialised Construction Activities (£121.5m, or 2.8% CAGR); and Wholesale (£174.6m, or 2.1% CAGR). Even Manufacturing, which is projected to see significant job losses, is still projected to see productivity growth of £104.1m (0.75% CAGR). Given that boosting productivity is a key goal of this Government (as set out in the Framework), this demonstrates how important it will be to support Shropshire County’s advanced manufacturing sectors going forward.

Figure 3.21 GVA Per Workforce Job / Per Capita



Source: Experian Econometric Forecast June 2020

3.52 Stripping out the detrimental impact on GVA caused by out-commuting and examining GVA per workforce job instead, Shropshire performs much more strongly, at £38,781 GVA per job, although this still lags behind the national and regional levels.

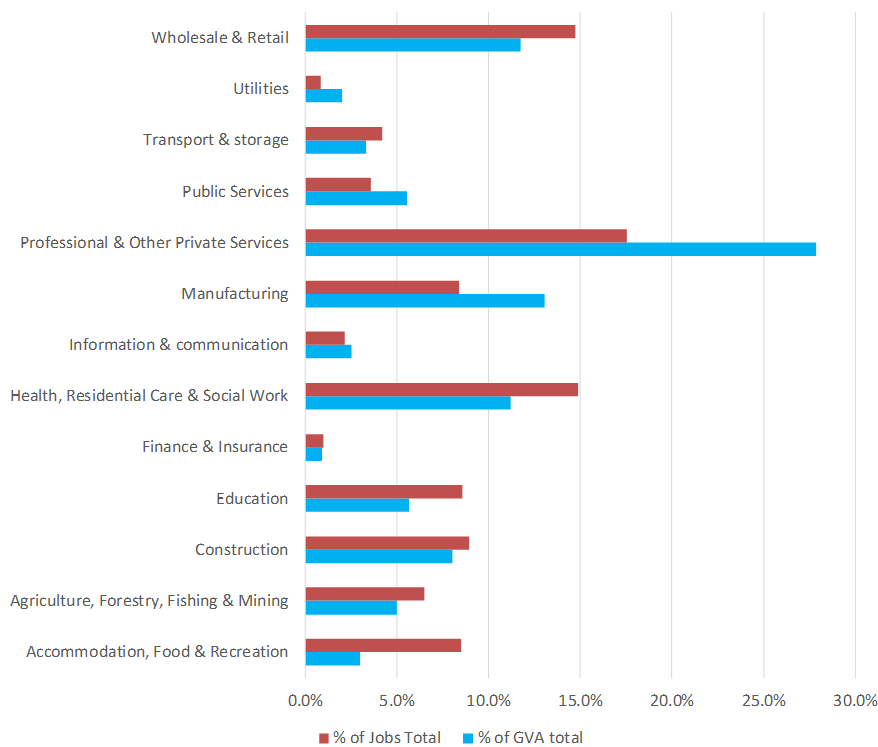
3.53 Relatively low GVA in Shropshire is influenced by the types of industries which make up the Shropshire economy. To some extent, low GVA is symptomatic of a rural economy which by its nature is heavily reliant on agriculture and other land-based sectors. Some of the main employment sectors in Shropshire, including the public sector and distribution, transportation, accommodation and food are comparatively low generators of GVA. So, for example the hospitality sector provides 8.5% of all jobs based in Shropshire, but only generates 3% of its GVA. In stark contrast, Professional Services provides 17.5% of all jobs, but 28% of all GVA.

Table 3.7 Shropshire GVA / Workforce Jobs by Sector, 2020

	Headline GVA 2020 (£ million)	% of GVA total	Workforce Jobs 2020	% of Workforce Jobs total
Accommodation, Food & Recreation	560	3.0%	12,600	8.5%
Agriculture, Forestry, Fishing & Mining	278	5.0%	1,300	6.5%
Construction	102	8.0%	6,200	8.9%
Education	127	5.7%	25,900	8.6%
Finance & Insurance	46	0.9%	12,400	1.0%
Health, Residential Care & Social Work	1,393	11.2%	21,800	14.9%
Information & communication	4,999	2.5%	3,200	2.2%
Manufacturing	251	13.1%	13,200	8.4%
Professional & Other Private Services	167	27.9%	5,300	17.5%
Public Services	653	5.6%	9,600	3.6%
Transport & storage	284	3.3%	1,500	4.2%
Utilities	402	2.0%	22,000	0.9%
Wholesale & Retail	588	11.8%	12,700	14.8%
<b>All Sectors</b>	<b>150</b>	<b>100.0%</b>	<b>147,700</b>	<b>100.0%</b>

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

Figure 3.22 Percentage of total GVA / Total Workforce Jobs



Source: Experian Econometric Forecast June 2020

3.54

Comparing the level of GVA generated with the number of employee jobs provided by each sector shows that while the hospitality, education, health & social care, transport & storage and wholesale & retail accommodate 51%, they account for just 35% of GVA. In contrast, just two highly productive sectors – manufacturing and Professional Services, provide 41% of GVA despite accounting for just 26% of all jobs based in the County.

## 4.0 **Functional Economic Market Area**

### **Introduction**

4.1 The purpose of this chapter is to consider the Functional Economic Market Area (FEMA) for Shropshire and its relationship to the Housing Market Area (HMA) of the County. This chapter considers whether the FEMA is different to the HMA, before the study considers the economic development needs of the County.

4.2 The assessment of the relationships within each of these two functional areas and between the operation of the housing market and some functions of the Shropshire local economy, helps to define the self-containment of the County. This level of self-containment in turn, helps to describe the relationships with the surrounding sub-regional areas.

4.3 The Shropshire FEMA and its relationship to the housing market area also describes the function of the Shropshire administrative area and particularly the relationships within the settlement hierarchy of the County. The relationships within Shropshire and between the County and the sub-regional areas helps to describe the spatial strategy for the Local Plan.

### **Outline Description / Outline Methodology / Working Definition**

4.4 The Shropshire FEMA is considered to reflect the HMA for the County and that both of these functional areas lie inside the administrative area of the County, defined by the Local Authority boundary. The administrative area is used to gather the socio-economic data in Chapter 3 of this study that helps to describe the characteristics, functions and relationships of the County. An administrative area may therefore be a strong determining factor for the functions and relationships in some locations. This is particularly true in larger geographical local authority areas like Shropshire, on the edge of the West Midlands region and forming part of the national boundary between the now devolved nations of England and Wales.

4.5 The Shropshire FOAHN<sup>45</sup> has defined the Shropshire HMA for the purposes of preparing the Local Plan. The FOAHN considered three key factors to determine the HMA: the national assessment of HMAs for England<sup>46</sup>, the degree of self-containment in the County of Shropshire and the relationship between housing demand and supply. The degree of self-containment for Shropshire considered the factors of migration flows between Shropshire and locations beyond the County, flows within travel to work areas, and the net balance of work commuting into and out of the County.

4.6 The Shropshire FOAHN concluded that the administrative area of Shropshire, defined by the Local Authority boundary, would represent a self-contained HMA. This conclusion was reached having reviewed the key indicators used to identify HMA's, as advocated within the NPPG<sup>47</sup> and best practice guidance<sup>48</sup> which was set out in the Shropshire FOAHN.

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<sup>45</sup> Shropshire Full Objectively Assessed Housing Needs Assessment (Shropshire Council) July 2017 at <https://shropshire.gov.uk/planning-policy/local-planning/local-plan-review/evidence-base/>

<sup>46</sup> Geography of Housing Market Areas (Department for Communities and Local Government) 2010 at [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/6346/1775475.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/6346/1775475.pdf)

<sup>47</sup> National Planning Practice Guidance (Department for Communities and Local Government) 2019 at: <https://www.gov.uk/government/collections/planning-practice-guidance>

<sup>48</sup> Objectively Assessed Need and Housing Targets – Technical Advice Note 2<sup>nd</sup> Edition (Planning Advisory Service) 2015 at <https://www.local.gov.uk/sites/default/files/documents/objectively-assessed-need-9fb.pdf>

## Defining the Functional Economic Market Area

- 4.7 The policy guidance<sup>49</sup> recognises there is no definitive approach to assessing FEMAs, and as a result there is no definitive map of these areas.
- 4.8 Policy guidance identifies the need, and value of, preparing evidence at the appropriate functional geographical area. This ensures local policy is based on evidence reflecting the real world. The assessment is not required to be constrained to administrative boundaries except where these contain the functional economic relationships shaping the local economy.
- 4.9 Whilst the policy guidance does not identify a standard methodology, it does provide guidance<sup>50</sup> that identifies factors that may be used in defining functional market areas. There is broad agreement about the type of evidence to be considered with the assessment of multiple datasets wherever possible. The supporting guidance is also clear that there is a need for quantitative and qualitative assessment when defining these functional areas. This further reflects the reality of these assessments, that data ideally to be used to help determine the functional area may not exist or may not be readily available. This requires a proportionate approach to the gathering of evidence to define the FEMA.
- 4.10 The approach that informs this analysis draws on both quantitative and qualitative evidence and analyses the available, relevant data. These are considered in the analysis below.

### Administrative area

- 4.11 Shropshire is one of the largest inland Counties in England at around 1,235 square miles and significantly larger than comparable authorities like Herefordshire (842 square miles) and the East Riding of Yorkshire (956 square miles). The strategic significance of this land area gains some perspective from comparison with smaller sovereign states where Luxembourg comprises no more than 1,000 square miles.
- 4.12 The County is located on the border with Wales to the west, where the topography, communications network and sparsity of the population along the border serve to enhance the strategic significance and containment of the County. In particular, the strategic significance of Shrewsbury located on the A49 serves to consolidate the role and function of the settlement in the absence of comparable settlements in mid-Wales.
- 4.13 As a more isolated rural Shire, the County still has a critical population of around 323,136 persons living in 6 principal urban centres at Shrewsbury, Oswestry, Bridgnorth, Market Drayton, Whitchurch and Ludlow, a range of smaller settlements and in the countryside. The distances within the County and to other sub-regional strategic centres tends the County towards self-containment in its role, function and services.
- 4.14 The role and function of the County is administered through Shropshire Council as a single Unitary Authority providing the core public services to its resident population. This single service portal with its unique branding provides Shropshire with its own unique identity and serves as a unifying force in the containment of the County. This is again enhanced by the size of the County, where the administrative boundary engages Shropshire with no less than 11 neighbouring local authorities. The number, variety and distance to the principal centres of these neighbouring authorities also serves to enforce the self-containment of the County.
- 4.15 The exception here is the neighbouring authority of Telford & Wrekin also entirely comprising the strategic centre of Telford. As former principal settlements of the historical County of

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<sup>49</sup> National Planning Practice Guidance – Housing and economic needs assessment (Department for Communities and Local Government) July 2019 at: <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

<sup>50</sup> Functional Economic Market Areas – An economic note (Department for Communities and Local Government) 2010 at <https://shropshire.gov.uk/planning-policy/local-planning/local-plan-review/evidence-base/>

Shropshire, the relationship between Telford and the County Town of Shrewsbury is one where each settlement serves a complementary role with each possessing characteristics and services that enhance the role and function of its neighbour.

- 4.16 The settlement hierarchy of Shropshire comprises Shrewsbury as the County town located to the centre-east of the County. The five market towns of the County lie in a wide arc around the County to the north, east and south of Shrewsbury providing secondary service centres and employment centres predominantly towards the centre and east of the County. The connectivity of the County is good with Shrewsbury sitting at the heart of a radial communications network linking together the market towns and other centres along the principal routes of the A5 west, A49 north and south, A53 north-east and the A458 to the east.

### Extent of LEP

- 4.17 Shropshire is part of The Marches Local Economic Partnership (LEP) with neighbouring Unitary Authority partners on the A49 corridor (south) along the Welsh Border (The Marches) and the M54 corridor (east) to the border with Staffordshire, close to the Black Country Authorities.
- 4.18 The Marches LEP comprises Shropshire with Herefordshire along the A49 corridor and Telford and Wrekin to constitute the historical grouping of former Shropshire authorities along the M54 corridor. In terms of the relative market strengths of these three partners, Shropshire is markedly the partner with the greater profile and the County contributes significantly to this sub-regional economic partnership.
- 4.19 A simple comparison of key considerations in Table 4.1 provides further evidence of the significant market effect derived from the size of Shropshire and the significant population<sup>51</sup> served by the markets in the County and the performance of the local economy. The only consideration where Shropshire does not outperform is the GVA per Head<sup>52</sup>. The GVA at £19,162/head in Shropshire reflects the lower working age population (at 60.2%) compared with its partner in Telford and Wrekin (at 63.2%) but this perhaps reflects some degree of underperformance compared with the slightly older working age population (at 59.9%) in Herefordshire.

Table 4.1 Comparison of Constituent Partners in the Marches LEP

Local Authority Area	Total Land Area		Mid-Year Estimate 2019		Total GVA (£m)	GVA per Head (£)
	(sq. miles)	(sq. km)	Total Population	Working Age Population (16 – 65)		
Shropshire	1,234	3,196	323,136	194,649	6,192	19,162
Herefordshire	842	2,181	192,801	115,510	3,931	20,389
Telford & Wrekin	112	290	179,854	113,645	4,890	27,189

Source: ONS (2020): Mid-Year Estimates 2019 / ONS (2020): Gross Value Added (Balanced) by Local Authority (current prices)

- 4.20 The Marches Strategic Economic Plan (2019) addresses the vision and key objectives for the LEP over the period to 2038. The Strategic Economic Plan [SEP] deals with the partnership area as a single entity and does not seek to differentiate between different market areas. The SEP seeks to drive forward these three local economies within the LEP aiming to deliver a £9bn increase in the combined economic output, increasing the population by over 111,000 persons with 54,400 new homes, 5,200 new businesses helping to create over 58,000 new jobs. As the

<sup>51</sup> ONS (2020): Mid-Year Estimates 2019

<sup>52</sup> ONS (2020): Gross Value Added (Balanced) by Local Authority (current prices)

larger local authority partner in the LEP, Shropshire will help to drive forward this growth within the LEP partnership.

- 4.21 The SEP also recognises the three strategic settlements of Shrewsbury, Hereford and Telford separately identifying their different strengths, characteristics, functions and complementary roles within the LEP. In this context, the role of Shrewsbury as the strategic settlement for Shropshire is recognised in the renewed approach to planning the function of the town through the Shrewsbury Big Town Plan and its role as a provider of high-quality education particularly through the new University Centre with its strong local business links. The opportunities created by the 'generational' opportunities to restore the Flaxmill Maltings and to modernise and re-purpose the Riverside shopping area.
- 4.22 To drive the economic performance of Shrewsbury through investment in its key sectors of food, engineering and manufacturing supported by The Marches Centre for Excellence located in the County. To build on its connectivity by improving existing communications links, delivering the North West Relief Road with its related urban extension to the west of the town and seeking investment opportunities linked to the implementation of the High Speed 2 link to Crewe from Birmingham.
- 4.23 The LEP comprises a significantly larger area than Shropshire but helps to define the functional market area for the Shropshire economy by recognising the significance of Shropshire in the LEP and the key role that Shrewsbury will perform.

### **Housing Market Area**

- 4.24 The nature of the housing market area affecting Shropshire was considered in the FOAHN (see para 4.6) and as part of the Strategic Housing Market Assessment<sup>53</sup> (SHMA Part 1). These assessments concluded that the Shropshire Housing Market Area is a self-contained market within the administrative area of the Local Authority boundary.
- 4.25 The SHMA considers the evidence for this conclusion in relation to the demand, supply and cost of housing in Shropshire. The SHMA concludes that the significant differences across the sale price of all dwelling types between Shropshire and adjacent Local Authorities specifically Herefordshire and Telford & Wrekin, as at June 2019 reveals that Shropshire house sales are very different to other adjacent authorities. Shropshire is therefore taken to be a self-contained market especially as these differences may also be shown to occur over a longer time frame for house sales in Shropshire.
- 4.26 The self-containment of the Shropshire housing market is also evidence in the migration flows affecting Shropshire as captured before and as part of Census 2011. This evidence considers whether the proportion of households moving wholly within Shropshire is greater than the 70% containment threshold, set out in national guidance, compared to all households whose move is at least partly within Shropshire.
- 4.27 The conclusion of this assessment was, all those households that left a home in Shropshire but chose to remain in the County, comprised nearly 71% of those house moves that had originated in Shropshire. It was also found that, those households that chose to remain in Shropshire, as their preferred place to live, comprised over 74% of all the households that chose to settle in the County as their destination. When these two migration streams are combined, those households that moved from one house in Shropshire to another in the County comprised over 72% of all the households that had either sold or purchased a home in Shropshire.

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<sup>53</sup> SHMA Part 1 (2020) - Strategic Housing Market Assessment (Shropshire Council) 2020 at: <https://www.shropshire.gov.uk/planning-policy/local-planning/local-plan-partial-review-2016-2036/evidence-base/>

4.28 It was therefore concluded that house moves in Shropshire reveal a significant level of self-containment that indicates the housing market area for Shropshire is contained within the County. In effect, households in Shropshire show a significant reluctance to leave the County once they have settled here and perceive a move across the County boundary as a decision to leave the Shropshire housing market.

### **Travel to Work Areas [TTWA]**

4.29 Detailed guidance on how to define a FEMA is provided by CLG<sup>54</sup>. This states that examining commuting flows can help to define the FEMA of an economy. These commuting flows can be assessed using the latest travel-to-work flow data from the 2011 Census.

4.30 The latest commuting flows data from the 2011 Census can be used to define Travel to Work Areas [TTWAs] in order to consider the relationship between where people live and where they work.

4.31 ONS defines labour market areas as those areas where the bulk of the resident population also work. Defining labour market areas requires an analysis of commuting patterns to identify Travel to Work Areas [TTWAs] for local economies. The current criteria for defining TTWAs is that at least 75% of an area's resident working population also work in the area (FEMA Test #1) and at least 75% of the people who work in the area also live in the area (FEMA Test #2). The area must also have a working population of at least 3,500. However, for areas with a working population in excess of 25,000, self-containment rates as low as 66.7% are accepted to define a TTWA as part of a limited “trade-off” between workforce size and level of self-containment<sup>55</sup>.

4.32 TTWAs provide a good indication of the labour market for a particular location or local authority area and how labour market areas are split across the UK. The ONS 2011 TTWAs were developed to approximate self-contained labour market areas i.e. areas where most people both live and work and therefore relatively few commuters cross a TTWA boundary on their way to work.

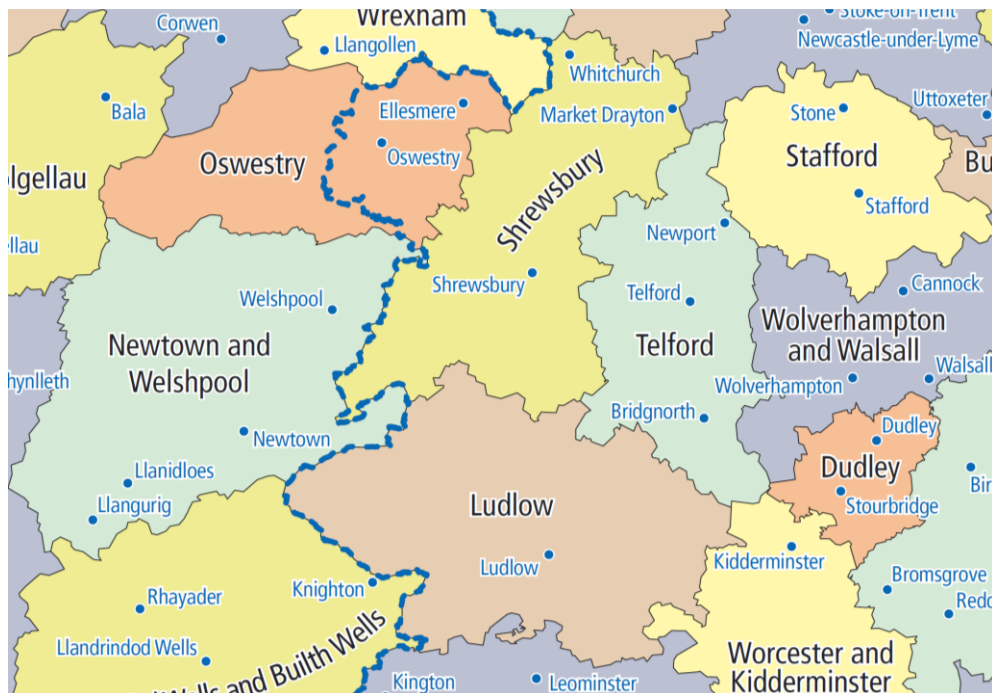
4.33 The ONS 2011 TTWA mapping (Figure 4.1) suggests that there are 4 TTWA's across Shropshire: Shrewsbury stretching northwards to include parts of Whitchurch and Market Drayton (light brown eastern section); Telford including Much Wenlock, Bridgnorth and parts of Newport (yellow area); Ludlow to the south (up to the boundary with Herefordshire), which also includes Church Stretton, Craven Arms and Cleobury Mortimer; and Oswestry including Ellesmere and stretching westwards into Wales (light brown western section).

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<sup>54</sup> CLG (2010) Functional Economic Market Areas: An Economic Note

<sup>55</sup> Commuting to work, Changes to Travel to Work Areas: 2001 to 2011 (ONS, December 2015)

Figure 4.1 2011 Shropshire's Travel to Work Areas



Source: ONS 2011 TTWAs (2015)

- 4.34 Expanding on the TTWA analysis above, it is possible to examine commuting relationships at local authority and middle super output area (MSOA) geographical levels using 2011 Census origin and destination data.
- 4.35 In terms of overall commuting flows, at the time of the 2011 Census, 117,522 residents lived and worked in Shropshire out of a total of 146,796 people working in the County which also included 29,274 people who commute into the County to work. The number of people working in Shropshire who also live there equates to **80.1% of those working in the County (FEMA Test #2)** which exceeds the minimum 66.7% - 75% self-containment threshold for larger populations.
- 4.36 There are 34,939 Shropshire's residents who commute out of the County on a daily basis in addition to the 117,522 residents who live and work in Shropshire. This equates to a resident working population of 152,461 people. Therefore 77.1% of Shropshire's resident working population **work within the County (FEMA Test #1)** which exceeds the minimum 66.7% - 75% self-containment threshold for larger populations.
- 4.37 **On this basis, Shropshire would pass both of the self-containment FEMA tests.**
- 4.38 Shropshire achieves significant self-containment of its resident working population but is still a net exporter of labour into the sub-regional economy. The 34,939 Shropshire residents who commute out of the County to work exceed the 29,274 people who commute to work in the County. This results in a net outflow of -5,665 residents daily which is relatively low and has been reducing as in-commuting has risen from historically lower levels. The capacity for Shropshire to further increase in-commuting and to retain a higher level of its resident working population (to reduce out-commuting) are opportunities for the County. These opportunities will be important for Shropshire in planning to increase their local economic outputs and to improve the performance of its resident working population in the Local Plan and in helping to achieve the growth objectives of the Strategic Economic Plan for The Marches LEP.



### Commuting Patterns

4.39 At the time of the 2011 Census, 146,796 people aged 16 and over worked in Shropshire (including in-commuters); while 152,461 people aged 16 and over living in Shropshire were in employment. This means that Shropshire is a net exporter of labour, with net out-commuting standing at 5,665 in 2011.

4.40 Table 4.2 shows that levels of commuting have risen over the last two decades, with the number travelling into Shropshire to work rising by 16,344 people (+126%) between 1991 and 2011 to reach 29,274. The number commuting out of Shropshire has also risen, albeit less dramatically, from 23,710 people in 1991 to 34,939 people in 2011. This is reflected in an additional 11,229 in-commuters or growth of 47%. While out-commuting continues to surpass in-commuting, the gap has narrowed, with net commuting standing at -5,665 in 2011 compared with -10,780 in 1991.

Table 4.2 Commuting into and out of Shropshire 1991 - 2011

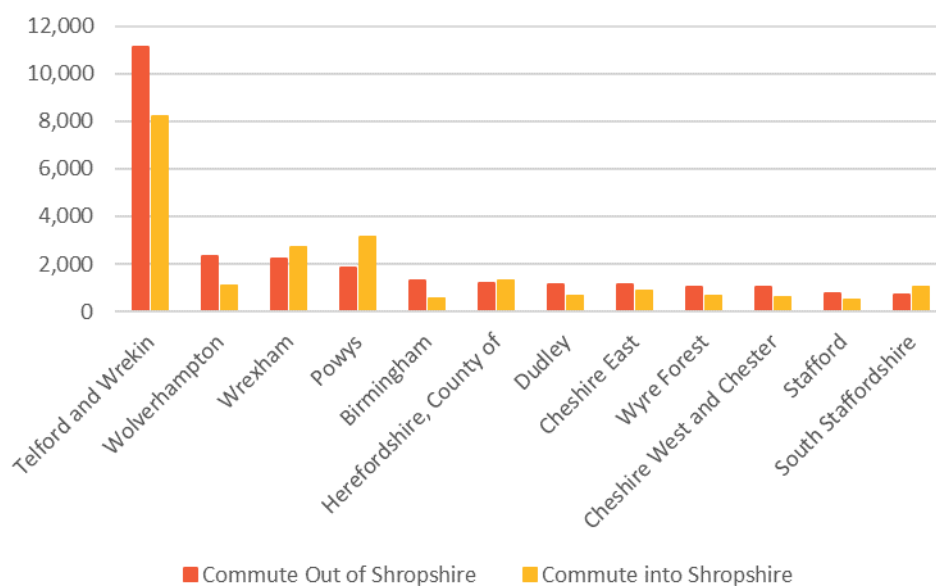
	1991	2001	2011	Change 1991 - 2011	% Change 1991 - 2011
In-Commuters	12,930	20,786	29,274	+16,344	+126.4%
Out-Commuters	23,710	33,011	34,939	+11,229	+47.4%
Net Commuting	-10,780	-12,225	-5,665	-5,115	-52.6%

Source: Census (1991, 2001, 2011)

4.41 Figure 4.2 shows the main origins and destinations of cross-boundary commuting to and from Shropshire. The largest flows, both into and out of Shropshire, are with Telford and Wrekin, with 19,290 people commuting between the two Local Authorities at the time of the 2011 Census.

4.42 The top six Local Authority destinations for Shropshire residents commuting out of the County are Telford; Wolverhampton; Wrexham; Powys; Birmingham and Herefordshire. The top six local Authority origins of workers commuting into Shropshire are Telford; Powys; Wrexham; Herefordshire; Wolverhampton and South Staffordshire.

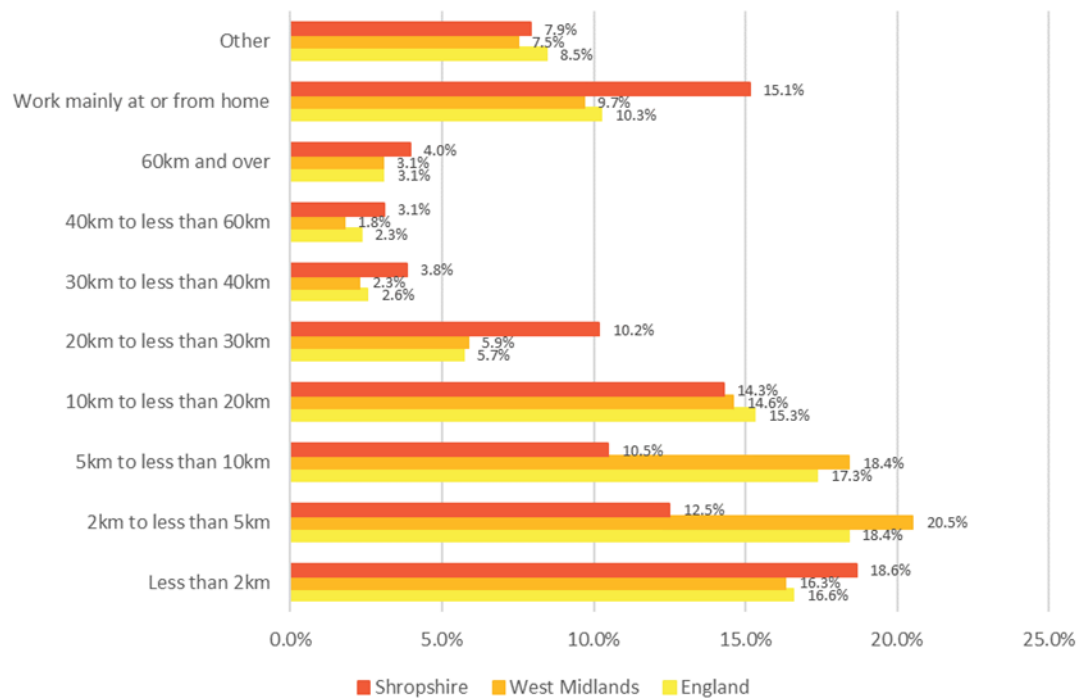
Figure 4.2 Cross Boundary Commuting to and from Shropshire 2011



Source: Census (2011)

4.43 The rural nature of Shropshire also impacts how far residents travel to work. High numbers work mainly from home, but higher numbers travel considerable distances to get to their workplace. 21% of Shropshire workers travel 20km or more compared to 13% and 13.7% in the West Midlands and England respectively. The average commute for Shropshire residents was 18.7km in 2011 with an average of 14.1km in the West Midlands and 14.9km in England.

Figure 4.3 Average Distances Travelled to Work



Source: ONS (2011), Census, Crown Copyright – 2016

**Flow of goods, services and information, and service market for consumers**

4.44 Where retail catchment areas have been identified in Shropshire it was within Retail Studies undertaken by former Local Authorities that became subject to Local Government Reorganisation when Shropshire Council was formed. When these retail catchment areas were defined there was recognition that they primarily focused on the immediate vicinity of a retail centre and the extent of their wider sphere of influence depended on numerous factors including size, offer and competition within the wider area. In some circumstances these spheres of influence extended beyond Shropshire. A similar pattern was identified within the retail catchments in neighbouring Local Authorities, which in some instances extend into Shropshire.

4.45 None of the catchments identified within Shropshire achieve full coverage of a neighbouring Local Authority although there will be some degree of overlap between the retail catchment for Shrewsbury and for the neighbouring centre at Telford. In a recent assessment of the health of retail centres undertaken by Knight Frank<sup>56</sup>, Shrewsbury was considered to be in the top 100 retail centres (ranked 82nd) and was positioned ten clear places above the neighbouring centre of Telford (ranked 92<sup>nd</sup>) albeit still in the top 100 centres.

<sup>56</sup> Top 200 Retail Ranking; The high street – redundant, relevant or resurgent? Issue 7 (Knight Frank) 2017 at: <https://www.knightfrank.co.uk/research/article/2018-05-09-knight-franks-high-street-retail-ranking-wheres-hot-wheres-not-research>

- 4.46 Shrewsbury is considered to be a ‘relevant’ retail centre despite changes in the market and is capable of maintaining its vitality and drawing trade despite its close proximity to Telford. The retail market in Shropshire, driven by Shrewsbury is considered to have its own discrete market and be capable of maintaining its complementary role with Telford.
- 4.47 A key element of Shropshire’s retail market, and the vitality of its centres, is the significant presence of independent retail traders in shop and indoor/outdoor market premises. These offer a unique retail experience in Shrewsbury alongside the national stores in the town. The independent traders create the local reputation individually and cumulatively that sustains consumer loyalty and the long-term vitality of the town. The significance of this retail offer is identified in the Shropshire Market Town Profiles<sup>57</sup> in Shrewsbury and in the market towns and key centres across Shropshire that serve to strengthen the retail market within the County.
- 4.48 Shropshire has a significant number of media titles that highlight a high degree of self-containment in the media communications market serving the demand for news about and affecting Shropshire. These titles are controlled by three media houses Midlands News Association Ltd, Newsquest and NWN Media (formerly North Wales Newspapers Ltd) based outside the County<sup>58</sup>. This pattern of ownership reflects the economies of management in the media sector and not the regionalisation of the media titles themselves.
- 4.49 Table 4.4 identifies the media titles across the County which are locally focused rather than being regional publications. The media titles target demand at the County level and demand within each of the Principal Towns. It is the media titles that specifically have representation in the centres and in the main, each has a local editorial office. In Shrewsbury this is supplemented by the presence of the BBC Radio Shropshire studios broadcasting from the County town. The regional ownerships of the media titles do not therefore challenge the self-containment of the media market within the County.

Figure 4.4 Catchment for Media Communications in Shropshire

Location	Settlement	Hierarchy Position	Media	Spatial Geography	Publishing Company	Editorial Offices	Printing Company
Centre	Shrewsbury	Strategic Centre	Shropshire Star	Shrewsbury, Telford, north Powys and south Denbighshire	Midlands News Association, Wolverhampton	Telford	Shropshire Newspapers, Telford
			Shrewsbury Chronicle	Shrewsbury and 10-mile radius to Church Stretton, Pontesbury, Minsterley, Much Wenlock	Midlands News Association, Wolverhampton	Shrewsbury	Shropshire Newspapers, Telford
			North Shropshire Chronicle	Whitchurch, Ellesmere	Midlands News Association, Wolverhampton	Shrewsbury	Shropshire Newspapers, Telford
			Oswestry Chronicle	Oswestry, Welshpool, Powys	Midlands News Association, Wolverhampton	Telford	Shropshire Newspapers, Telford
			BBC Radio Shropshire	Shropshire	BBC Shropshire	Shrewsbury	-
North	Oswestry	Market Town	Oswestry & Border Counties Advertizer	Oswestry, Ellesmere and north Shropshire, Chirk and Llanyfyllin and villages (north Powys)	NWN Media (North Wales Newspapers Ltd), Mold Flintshire	Oswestry	-
	Whitchurch	Market Town	Whitchurch Herald	Whitchurch, Prees, Wem, Ellesmere	NWN Media (North Wales Newspapers Ltd), Mold Flintshire	Whitchurch	-

<sup>57</sup> Shropshire Market Town Profiles (Shropshire Council) <https://shropshire.gov.uk/information-intelligence-and-insight/facts-and-figures/area-profiles/market-town-profiles/>.

<sup>58</sup> British Newspapers Online at: <https://www.britishpapers.co.uk/category/england-wmids/?zsid=12681ebfe6523db>

Location	Settlement	Hierarchy Position	Media	Spatial Geography	Publishing Company	Editorial Offices	Printing Company
	Market Drayton	Market Town	Market Drayton Advertizer	Market Drayton, Ternhill, Loggerheads, Audlem	Midlands News Association, Wolverhampton	Market Drayton	Shropshire Newspapers, Telford
	Bridgnorth	Market Town	Bridgnorth Journal	Ludlow, Craven Arms, Church Stretton, Bishops Castle, Clun	Midlands News Association, Wolverhampton	Bridgnorth	Shropshire Newspapers, Telford
South	Ludlow	Market Town	South Shropshire Journal	Ludlow, Craven Arms, Cleobury Mortimer	Midlands News Association, Wolverhampton	Ludlow	Shropshire Newspapers, Telford
			Ludlow Advertizer	Ludlow, Craven Arms, Cleobury Mortimer	Newsquest Media Group	Hereford	Newsquest (Midlands South), Buckinghamshire

### Catchment area for cultural and social facilities

- 4.50 The cultural and social networks and facilities in Shropshire may be identified in relation to three general areas across the County: Oswestry and North Shropshire, Shrewsbury and Central, plus Shropshire Hills and the South. The north and south, offer notable facilities but focus more on the needs of the local population for leisure and recreation services with a particular emphasis in Ludlow on high end cuisine. These areas also have extensive programmes of summer events and festivals providing further cultural and social opportunities to meet seasonal demands.
- 4.51 Shrewsbury supplements these local opportunities with other facilities including the Theatre Severn, Cineworld Multiplex, the Town Centre night-time economy and an extensive summer programme with a specific calendar for the Quarry Park as an important events venue offering a programme of events and festivals. There are new and emerging venues like the Flaxmill Maltings offering to extend the opportunities for the cultural and social calendar in the heart of the County. Shrewsbury is therefore able to offer cultural and social facilities within the County that provide services and event opportunities to support the other market towns in Shropshire. These facilities, services and event programmes compete effectively with the offer from other locations in the region to maintain a significant degree of self-containment within the County.

### Conclusion: Shropshire’s Functional Economic Market Area

- 4.52 This chapter has sought to establish the Functional Economic Market Area (FEMA) for Shropshire in relation to evidence about the Housing Market Area (HMA) for Shropshire. The HMA has historically been defined by the administrative area of the County within the local authority boundary where there is evidence of a high degree of self-containment.
- 4.53 A broad range of data has been considered to test whether the FEMA is geographically consistent with the HMA, including: characteristics of the administrative area and transport networks, characteristics of the Local Enterprise Partnership area, migration flows affecting the County, the local Travel to Work Areas; qualitative data on the vitality of retailing; catchment areas for local media and for cultural and social activities.
- 4.54 The analysis concludes that the self-containment of the HMA is also in evidence in the key characteristics of the FEMA for Shropshire. This suggests that the FEMA is also defined by the administrative area of the County within the local authority boundary.
- 4.55 Whilst there are a number of overlaps with neighbouring districts, this analysis shows that Shropshire is predominantly seen as a self-contained area in terms of the HMA, and indeed

based strictly on the ONS FEMA tests alone, we would contend that **Shropshire is a self-contained FEMA**. However, based on the TTWA commuting analysis, there are clear overlaps with Telford and parts of Powys to the west, whilst there are clearly strong labour market linkages with the Black Country authorities further east.

4.56 Notwithstanding our conclusions on the extent of the FEMA, from a practical perspective, the interrelationship between Shropshire, Telford and the Black Country authority areas in terms of economic functionality suggests that close co-operation on the employment land supply balance is recommended going forward.

## 5.0 Overview of Employment Space

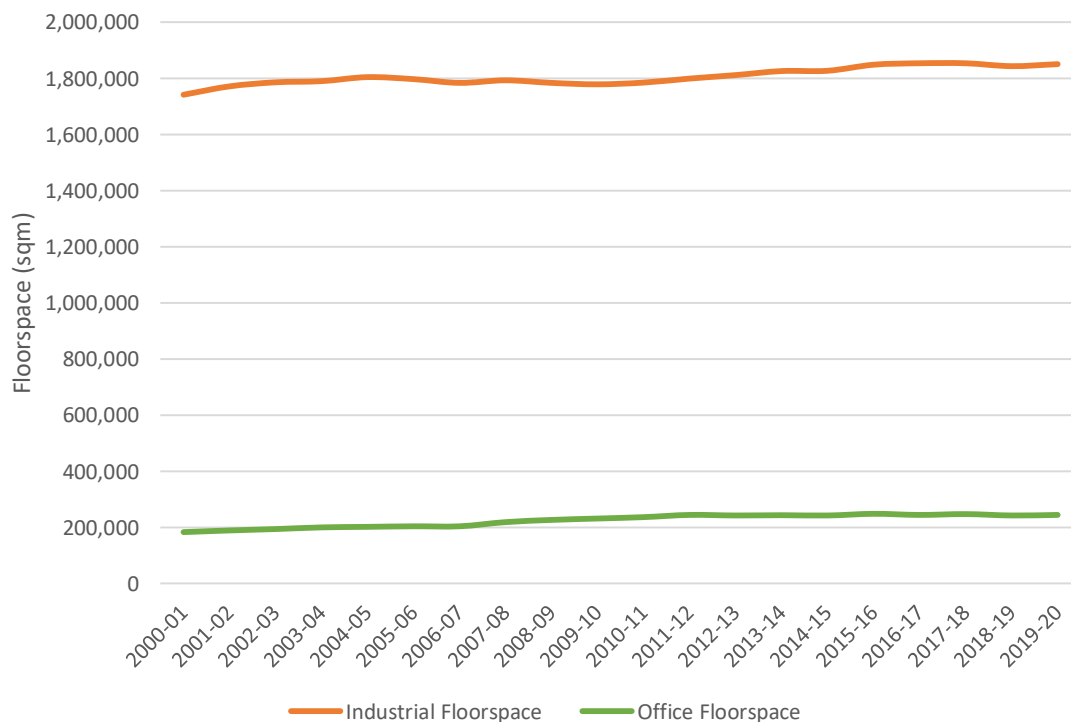
### Introduction

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

### Floorspace Trends

5.2 Based on Valuation Office Agency [VOA] data, Shropshire County’s total stock of employment space increased from 1,926,000 sqm to 2,094,00 sqm between 2000/01 to 2019/20<sup>59</sup> - an increase of 8.3%. This change was driven by strong growth in office floorspace, which increased by 62,000 sqm (34.1%), and much weaker growth in industrial space over this period, which increased by 6.1% to 1,850,000 sqm (albeit with much higher net growth of 106,000 sqm). This is in comparison to growth rates in office and industrial floorspace of 14.4% and -6.2% across the West Midlands respectively.

Figure 5.1 Change in Shropshire County’s Commercial Floorspace 2000/01-2019/20



Source: VOA (2021): Total Commercial floorspace by administrative area, data to 31 March 2020

5.3 Table 5.1 compares floorspace growth in Shropshire against other counties within the West Midlands. In terms of office space growth, Shropshire saw comparable (proportionate) growth to Herefordshire, Staffordshire and Warwickshire and much higher than the regional average of 14.4%, which is driven down by low growth in both the West Midlands Metropolitan County and Worcestershire. Regarding industrial floorspace, Shropshire saw positive growth (6.1%) albeit at a significantly lower level than that of Herefordshire (17.8%) and Warwickshire (23.3%).

<sup>59</sup> VOA (2021): Total Commercial floorspace by administrative area, data to 31 March 2020. Note: Figures exclude retail floorspace.

Worcestershire experienced losses in industrial floorspace of -2.2%, whilst the West Midlands Metropolitan County saw a loss of -17.7% resulting in an overall loss for the region of -6.1% or 2,960,000 sqm.

- 5.4 It should be noted that comparisons between the VOA data and the Council’s own data on actual completions should be treated with a degree of caution, as these data are collated differently, and discrepancies may reflect the fact that the VOA data includes changes that take place outside the planning system and which may not be picked up by Council monitoring.

Table 5.1 Employment Floorspace Growth

		Shropshire	Herefordshire	Staffordshire	Warwickshire	West Midlands (Met County)	Worcestershire	West Midlands (Region)
Office	Floorspace 2020 (sqm)	244,000	131,000	707,000	751,000	3,740,000	552,000	6,576,000
	Absolute Change (2001-2020)	62,000	34,000	179,000	173,000	138,000	50,000	747,000
	% Change (2001-2020)	34.1%	35.1%	33.9%	29.9%	3.8%	10.0%	12.8%
Industrial	Floorspace 2020 (sqm)	1,850,000	1,397,000	7,543,000	5,661,000	19,933,000	4,289,000	45,401,000
	Absolute Change (2001-2020)	106,000	211,000	733,000	1,071,000	-4,285,000	-96,000	-2,960,000
	% Change (2001-2020)	6.1%	17.8%	10.8%	23.3%	-17.7%	-2.2%	-6.1%

Source: VOA (2021): Total Commercial floorspace by administrative area, data to 31<sup>st</sup> March 2020

### Age of Industrial/Commercial Premises

- 5.5 Table 5.3 compares the age of premises in Shropshire with the corresponding data for the West Midlands and England & Wales as a whole. From this it can be seen that 70% of all B-class units in Shropshire were built before 1970. This is quite high - the stock of space comprises a larger proportion of older premises than the West Midlands (62.1% of units built prior to 1970) and England and Wales (62.9%). As can be seen from the Tables, Shropshire does have particularly low volume of industrial units constructed before 1940, with just 9.5% of factories and 11.5% of warehousing units dating from before 1940, a rate that is considerably lower than both the West Midlands and England & Wales averages.

- 5.6 This suggests that the historic focus of economic activity in Shropshire centred more on its agricultural economy prior to WWII and only began to diversify into industrial and commercial activities in the post war era unlike the comparator areas. Shrewsbury is an exception to this pattern of activity being the historical focus for the industrial and commercial economy of the County. There is a similar chronological perspective for office units, with 62.3% of stock dating from before 1940, a significantly higher share than the regional (49%) and national (51%) averages. This reflects the location of the office markets in Shropshire within the historic town centres of the principal settlements of the County as a relatively newer component of the Shropshire local economy. Office uses became established in the previously underused floorspace within town centres and have only recently seen some displacement to newer ‘edge of centre’ or ‘edge of town’ employment areas. The age of office premises therefore reflects the historic clustering of office uses but the process of displacing these clusters to more modern

premises in better accessible locations has commenced. Furthermore, the data on the age of stock is only provided up to 2004 and therefore it does not provide an indication of more recent floorspace replacement trends.

Table 5.2 Total units by Age for each bulk class (sqm)

	Use Class	Unknown Age	Pre 1940	1940-70	1971-80	1981-90	1991-2000	2001-03	All ages (excluding unknown)
<b>Bridgnorth</b>	Office	4	164	24	13	13	6	7	<b>227</b>
	Factory	-	37	221	36	50	29	5	<b>378</b>
	Warehouse	4	34	138	18	21	15	2	<b>228</b>
	<b>Total</b>	<b>8</b>	<b>235</b>	<b>383</b>	<b>67</b>	<b>84</b>	<b>50</b>	<b>14</b>	<b>833</b>
<b>North Shropshire</b>	Office	5	138	44	9	9	14	1	<b>215</b>
	Factory	1	59	234	17	32	59	6	<b>407</b>
	Warehouse	9	59	193	15	27	32	9	<b>335</b>
	<b>Total</b>	<b>15</b>	<b>256</b>	<b>471</b>	<b>41</b>	<b>68</b>	<b>105</b>	<b>16</b>	<b>957</b>
<b>Oswestry</b>	Office	5	118	36	7	4	8	1	<b>174</b>
	Factory	1	22	119	22	38	29	6	<b>236</b>
	Warehouse	1	32	111	12	45	14	3	<b>217</b>
	<b>Total</b>	<b>7</b>	<b>172</b>	<b>266</b>	<b>41</b>	<b>87</b>	<b>51</b>	<b>10</b>	<b>627</b>
<b>Shrewsbury and Atcham</b>	Office	6	400	159	20	39	53	39	<b>710</b>
	Factory	3	19	218	50	41	52	17	<b>397</b>
	Warehouse	4	21	216	77	63	68	15	<b>460</b>
	<b>Total</b>	<b>13</b>	<b>440</b>	<b>593</b>	<b>147</b>	<b>143</b>	<b>173</b>	<b>71</b>	<b>1,567</b>
<b>South Shropshire</b>	Office	2	132	29	9	10	18	4	<b>202</b>
	Factory	-	28	142	21	67	61	9	<b>328</b>
	Warehouse	5	21	121	20	32	17	1	<b>212</b>
	<b>Total</b>	<b>7</b>	<b>181</b>	<b>292</b>	<b>50</b>	<b>109</b>	<b>96</b>	<b>14</b>	<b>742</b>
<b>Shropshire</b>	Office	22	952	292	58	75	99	52	<b>1,528</b>
	Factory	5	165	934	146	228	230	43	<b>1,746</b>
	Warehouse	23	167	779	142	188	146	30	<b>1,452</b>
	<b>Total</b>	<b>50</b>	<b>1284</b>	<b>2005</b>	<b>346</b>	<b>491</b>	<b>475</b>	<b>125</b>	<b>4,726</b>

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



Table 5.3 Proportion of units built up to 1970

		Pre-1940 floorspace	Floorspace built 1940-1970	Total Floorspace Pre-1970
<b>Shropshire</b>	Office	62.3%	19.1%	81.4%
	Factory	9.5%	53.5%	62.9%
	Warehouse	11.5%	53.7%	65.2%
	<b>Total B Class</b>	<b>27.2%</b>	<b>42.4%</b>	<b>69.6%</b>
West Midlands Region	Office	48.7%	21.1%	69.7%
	Factory	31.1%	30.7%	61.9%
	Warehouse	26.9%	28.9%	55.8%
	<b>Total B Class</b>	<b>35.9%</b>	<b>27.0%</b>	<b>62.9%</b>
England and Wales	Office	51.0%	18.3%	69.2%
	Factory	32.7%	28.2%	60.9%
	Warehouse	32.1%	26.7%	58.8%
	<b>Total B Class</b>	<b>40.0%</b>	<b>23.8%</b>	<b>63.8%</b>

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

## Business Demography

5.7

Shropshire has around 15,870 business enterprises, and, as is common across the West Midlands and the UK in general, the vast majority of these are classified as Small and Medium Enterprises [SMEs] with up to 249 employees<sup>60</sup>. Whilst the profile of businesses is similar across all areas, the District has proportionately more micro-sized businesses (90.5%) with fewer than 10 employees compared with the West Midlands (89.4%) and the UK (89.6%) and consequently Shropshire has proportionately fewer, larger enterprises. Table 5.4 summarises the business demography in Shropshire and compares it to the West Midlands and the UK.

Table 5.4 Size of Enterprises (2020)

	Shropshire UA		West Midlands	UK
<b>Total</b>	<b>15,870</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Micro (0 to 9)	14,370	90.5%	89.4%	89.6%
Small (10 to 49)	1,255	7.9%	8.6%	8.5%
Medium (50 to 249)	200	1.3%	1.6%	1.5%
Large (250+)	40	0.3%	0.4%	0.4%

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

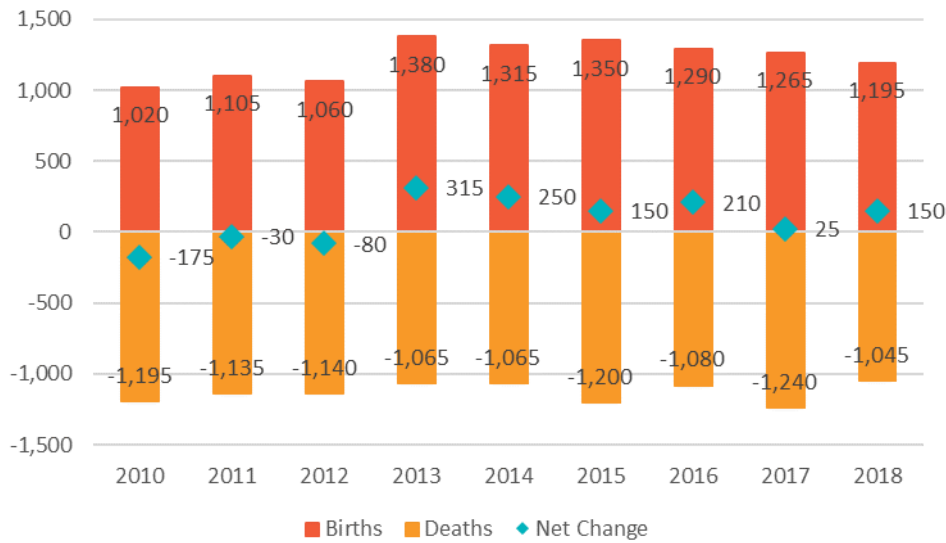
5.8

In 2010 the stock of businesses in Shropshire decreased by 175 enterprises, but since then the trend has generally reversed<sup>61</sup>. This was caused by a greater number of business births than business deaths, resulting in a net increase in most of the years from 2011 onwards. This was particularly notable in 2013, where there was a net growth of 315 businesses. For 2018 (the most recent year for which data has been made available by ONS) there were 150 more business successes than failures. Figure 5.2 illustrates the number of business births and deaths in Shropshire between 2010 and 2018.

<sup>60</sup> ONS (2020): Inter Departmental Business Register – Enterprises 2020

<sup>61</sup> ONS (2020): Business Demography – 2018: Enterprise Births, Deaths and Survivals

Figure 5.2 Business Births and Deaths in Shropshire



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

5.9 Between 2010 and 2018 Shropshire’s business stock grew at a weaker rate (5.1%) than either the West Midlands (24.3%) or the UK (25%) as a whole. The number of active enterprises based in Shropshire increased by 665 over that period, just 1.4% of the West Midlands total net gain (Table 5.5).

Table 5.5 Annual Change in Active Enterprises

	2010 to 2011	2011 to 2012	2012 to 2013	2013 to 2014	2014 to 2015	2015 to 2016	2016 to 2017	2017 to 2018	2010-2018
Shropshire UA	-175	-30	-80	315	250	150	210	25	665
	-1.3%	-0.2%	-0.6%	2.5%	1.9%	1.1%	1.6%	0.2%	5.1%
West Midlands	-2,915	355	4,710	6,635	9,215	15,725	6,395	6,125	46,245
	-1.5%	0.2%	2.5%	3.5%	4.6%	7.6%	2.9%	2.7%	24.3%
UK	-8,830	30,365	75,785	102,145	120,810	161,810	92,090	13,920	588,095
	-0.4%	1.3%	3.2%	4.2%	4.7%	6.1%	3.3%	0.5%	25.0%

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

5.10 Although Shropshire has comparatively few business ‘births’ year on year, those that do locate in Shropshire tend to have slightly higher survival rates than might be expected elsewhere. Table 5.6 indicates that of the 1,315 business births in 2014, 740, or 56.3%, were still around 4 years later, compared to 50.1% regionally and 49.3% across the UK as a whole.

Table 5.6 Births of units in 2014 and their survival

	Births	1-year survival	1-year (%)	2-year survival	2-year (%)	3-year survival	3-year (%)	4-year survival	4-year (%)
Shropshire UA	1,315	1,235	93.9%	1,040	79.1%	870	66.2%	740	56.3%
West Midlands	25,740	23,740	92.2%	19,615	76.2%	15,900	61.8%	12,890	50.1%
UK	350,305	323,105	92.2%	265,535	75.8%	214,460	61.2%	172,720	49.3%

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

5.11 Table 5.7 indicates that Shropshire business composition is quite different to the rest of the West Midlands and the UK more generally. The transportation & storage; professional, scientific and technical; and ICT sectors are smaller compared to elsewhere, whilst agriculture, forestry and fishing is significantly over-represented. Indeed, over a fifth of all enterprises based in Shropshire are related to agriculture, forestry and fishing compared to 5.4% nationally.

Table 5.7 UK Business Counts - Enterprises by industry (2020)

Industrial Sector	Shropshire		West Midlands	UK
Agriculture, forestry and fishing	3,365	21.2%	5.6%	5.4%
Mining and quarrying	10	0.1%	0.0%	0.0%
Manufacturing	820	5.2%	6.5%	5.0%
Electricity, gas, steam and air conditioning supply	25	0.2%	0.1%	0.2%
Water supply; sewerage, waste management and remediation activities	45	0.3%	0.4%	0.3%
Construction	1,825	11.5%	11.8%	12.8%
Wholesale and retail trade; repair of motor vehicles and motorcycles	2,125	13.4%	15.5%	14.1%
Transportation and storage	445	2.8%	6.9%	4.5%
Accommodation and food service activities	995	6.3%	5.6%	5.9%
Information and communication	660	4.2%	5.7%	8.2%
Financial and insurance activities	220	1.4%	1.6%	2.3%
Real estate activities	535	3.4%	3.5%	3.7%
Professional, scientific and technical activities	2,045	12.9%	14.0%	17.0%
Administrative and support service activities	1,040	6.6%	11.1%	8.6%
Public administration and defence; compulsory social security	115	0.7%	0.3%	0.3%
Education	220	1.4%	1.6%	1.6%
Human health and social work activities	510	3.2%	4.0%	3.8%
Arts, entertainment and recreation	310	2.0%	1.7%	2.5%
Other service activities	560	3.5%	3.9%	3.9%
<b>Total</b>	<b>15,870</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

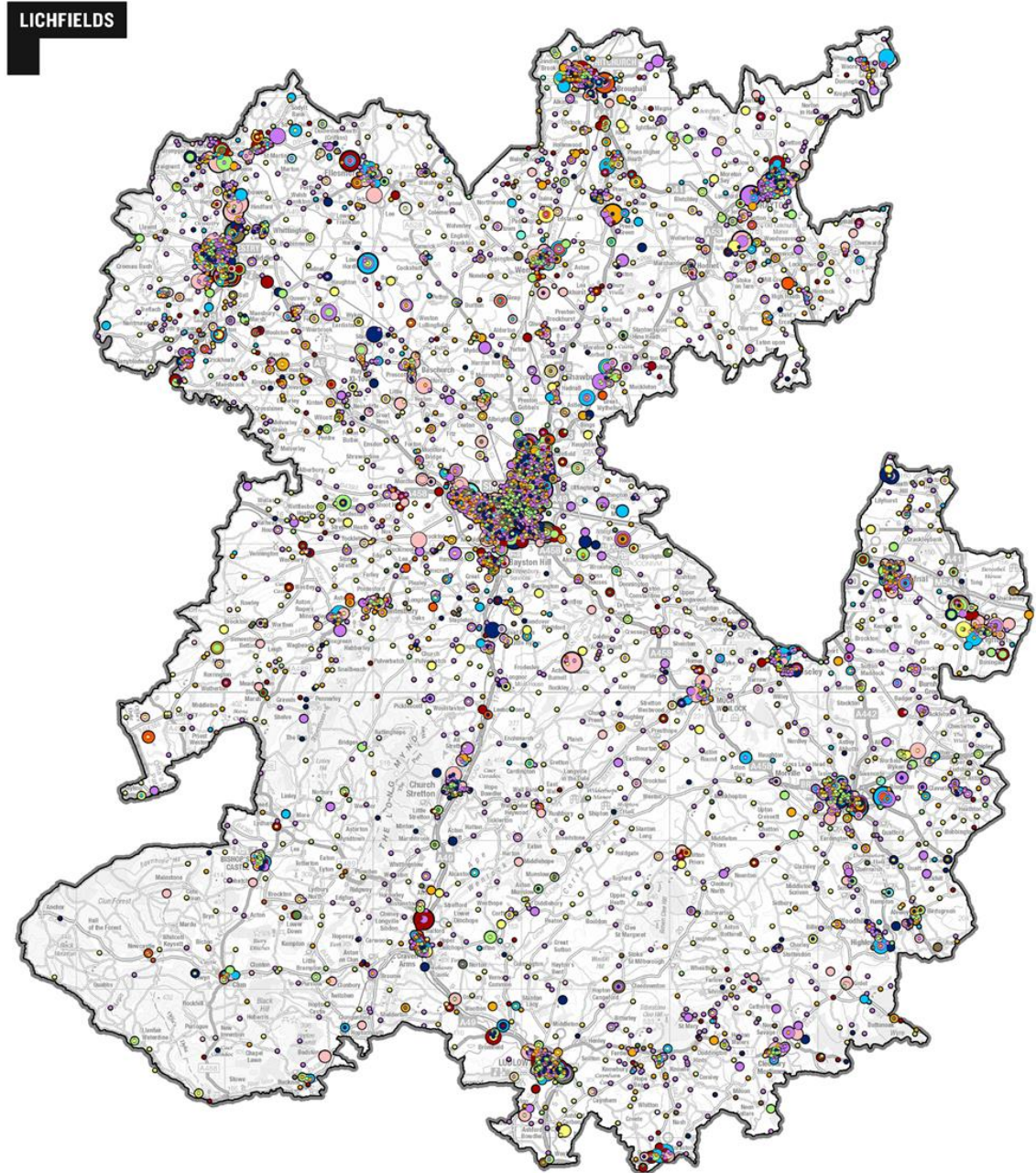
Source: ONS (2020): Inter Departmental Business Register 2020 - Enterprises. Lichfields analysis

## Clustering

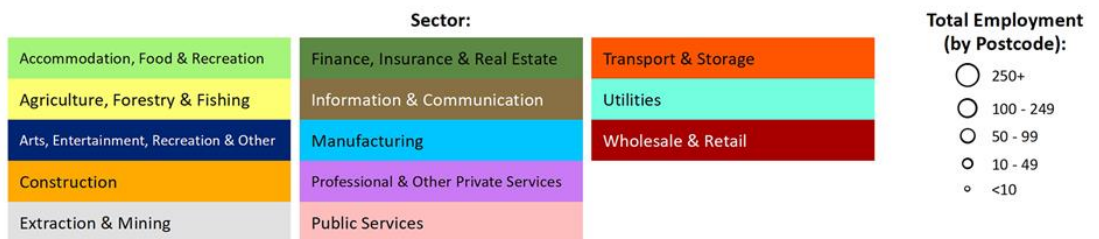
- 5.12 Inter Departmental Business Register [IDBR] data for Shropshire County is available from ONS. This provides a detailed picture of business and economic activity at a postcode level, including the size, scale and spatial distribution of employment and sector profile of businesses. It is possible to effectively map and graphically illustrate where businesses and sectors are located, to be able to build a detailed picture on the characteristics of Shropshire's business base. Drawing on IDBR data, the spatial distribution of key business clusters within Shropshire County is presented in Figure 5.3, with more detailed mapping for the closest settlements to the strategic sites that were assessed in Section 6.0 of this report, specifically Shrewsbury (Figure 5.4), Albrighton and Shifnal (Figure 5.5), Bridgnorth (Figure 5.6) and Market Drayton (Figure 5.7). This data has been analysed to identify any inconsistencies or anomalies which may affect future modelling; any examples of agglomeration economics; and clustering of businesses in 'sector-hubs'.
- 5.13 As the figures indicate, there is a very diverse mix of business sectors within Shropshire, with concentrations scattered around the County. However, it is clear that the principal employment area within the County is the area in and around Shrewsbury Town, with lesser concentrations in Oswestry, Whitchurch, Market Drayton, Ludlow, Bridgnorth, Shifnal and Albrighton. Within Shrewsbury itself a large number of substantial offices relating to Public Services, with numerous smaller Professional Services firms with larger Wholesale and retailers around Battlefield and Harlescott to the north of the Town in locations such as Sundorne Retail Park and Battlefield Enterprise Park. Clusters of businesses are also evident in the smaller, yet significant, settlements of Market Drayton (where the large Muller Dairies processing plant and UK Headquarters to the west of the Town Centre on Tern Valley Business Park is somewhat erroneously recorded as Transport and Storage by ONS); manufacturing plants, notably Bridgnorth Aluminium to the east of the town on Stourbridge Road; and RAF Cosford northwest

of Albrighton and agricultural companies such as the nationally renowned David Austin Roses Garden Centre off Bowling Green Lane.

Figure 5.3 Total Employment by Sector, Shropshire County



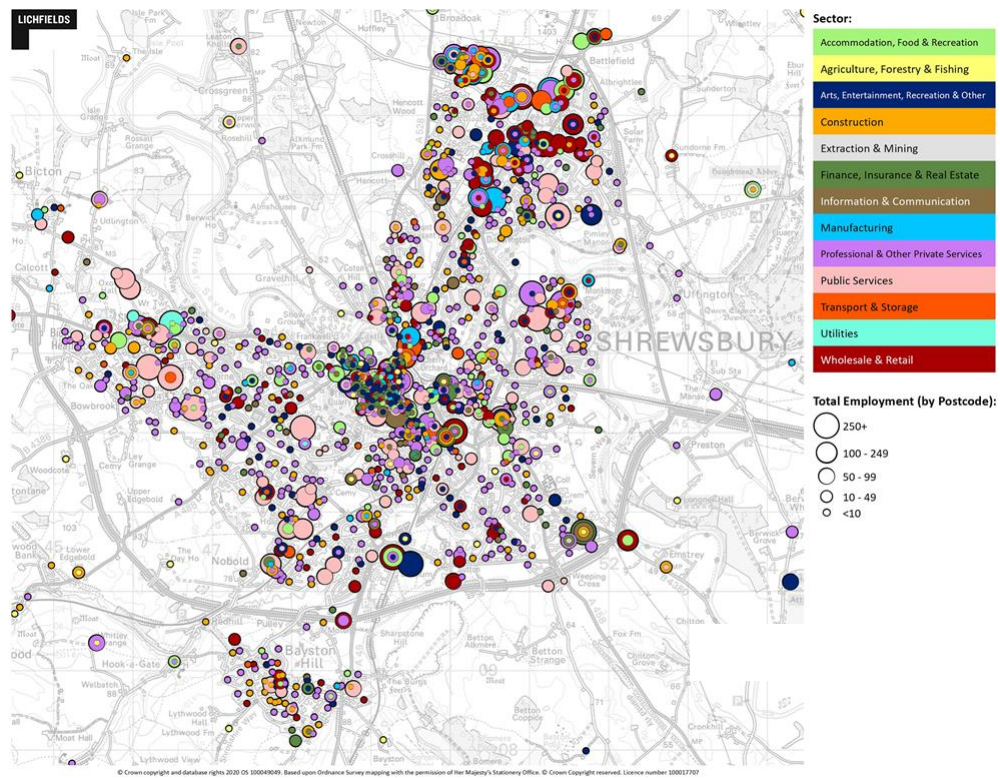
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Source: ONS: IDBR

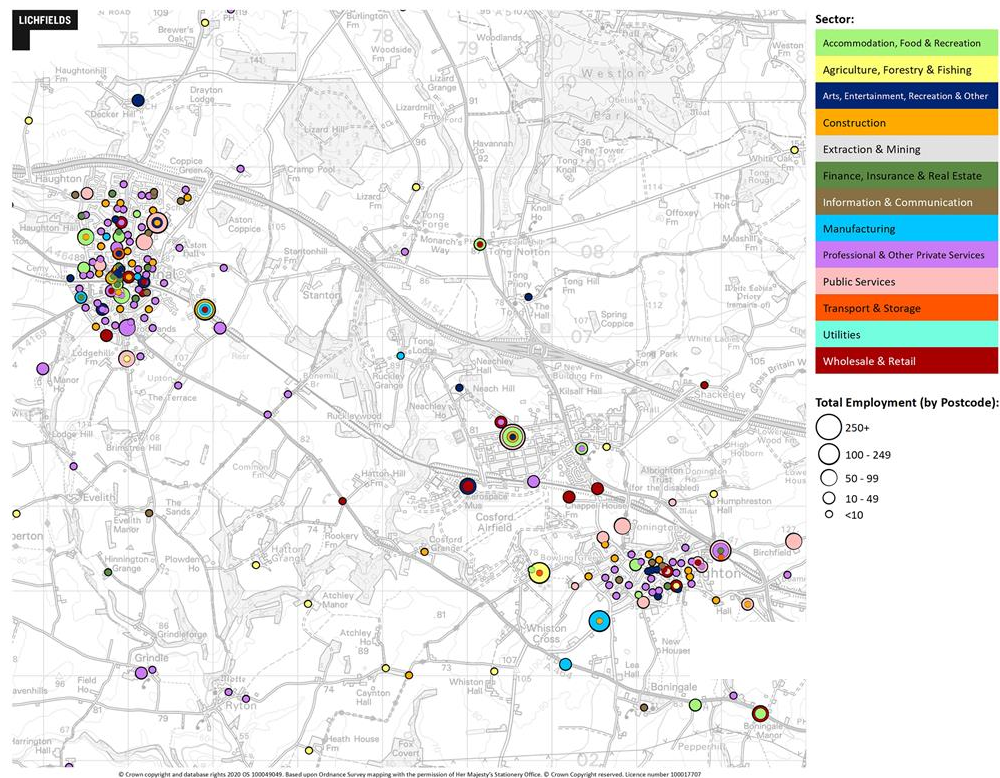


Figure 5.4 Total Employment by Sector, Shrewsbury



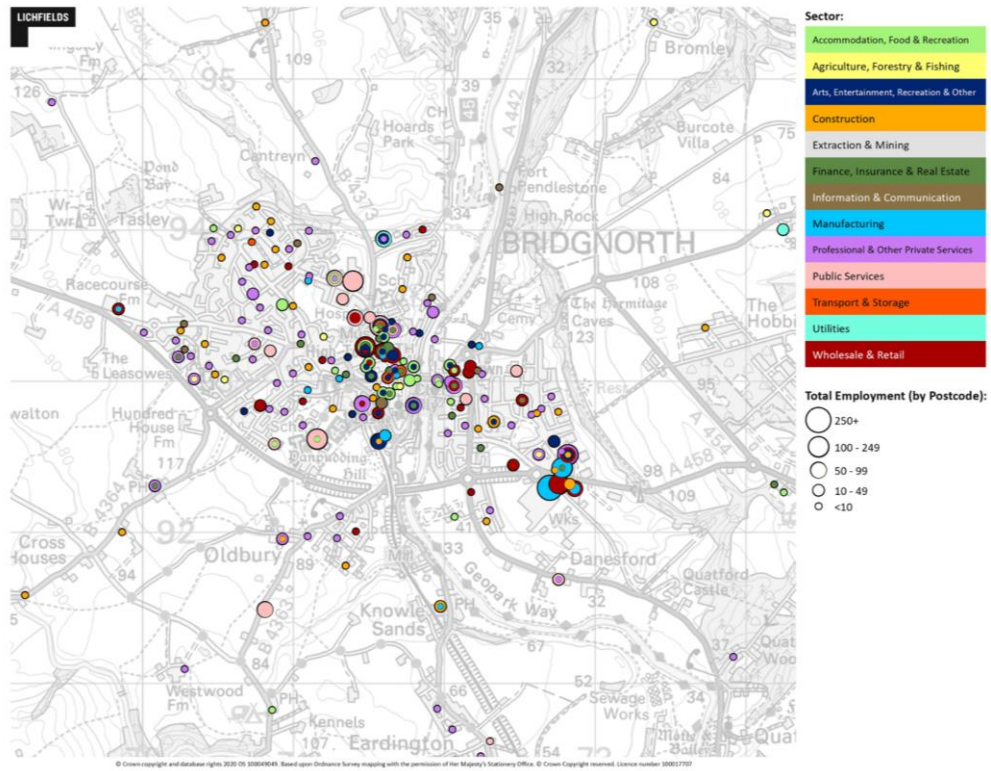
Source: ONS: IDBR

Figure 5.5 Total Employment by Sector, Albrighton and Shifnal



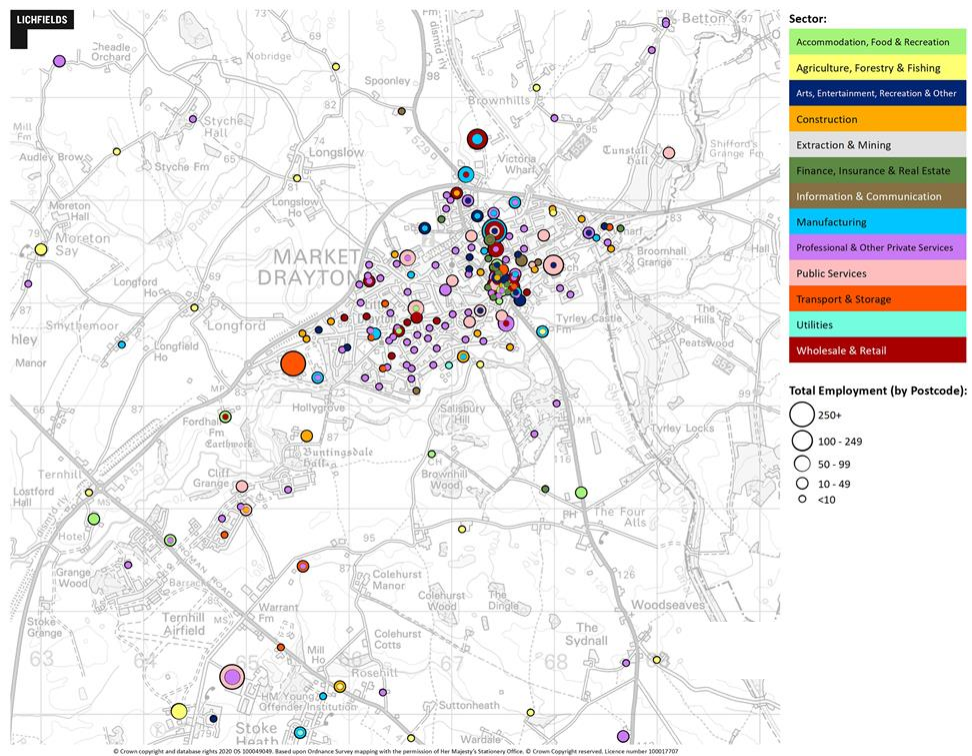
Source: ONS: IDBR

Figure 5.6 Total Employment by Sector, Bridgnorth



Source: ONS: IDBR

Figure 5.7 Total Employment by Sector, Market Drayton



Source: ONS: IDBR



### **Distribution of Industrial Stock**

- 5.14 According to the Shropshire Annual Monitoring Report, The Shropshire Council area covers 319,739 hectares, with 2% of the land area being covered by the key centres and market towns. It also states that around 2% of Shropshire is built on.
- 5.15 A significant proportion of the established industrial and logistics premises for the Shropshire Council area are in the county town of Shrewsbury and its surrounds. Shrewsbury contains a variety of industrial and logistics unit types and a range of unit sizes.
- 5.16 The largest concentration of employment premises in Shrewsbury are located to the north east of the town centre, around the Battlefield and Harlescott areas of the town. These areas can be accessed via the A49 and A53 from the Battlefield roundabout.
- 5.17 Established employment developments in this location include Vanguard Park, Battlefield Enterprise Park, Foxhall Trade Park, Centurion Park and Greenwood Court Industrial Estate. This area comprises a mixture of property types including industrial premises, as well as retail warehousing, trade counter uses, car show rooms and offices. Office space in this area of the town is at Battlefield Enterprise Park, fronting Harlescott Lane.
- 5.18 The smaller market towns within the study area also include some established industrial and logistics parks and premises, with many of them being smaller in scale. Some of the established industrial premises in the market towns include Maesbury Road Industrial Estate and Artillery Business Park in Oswestry, Tern Valley Business Park including Muller / Culina complex, Burnside Business Park, and Maer Lane Industrial Estate in Market Drayton, Ludlow Business Park and Ludlow Eco-Park in Ludlow, Stanmore Industrial Estate and Bridgnorth Aluminium in Bridgnorth and Whitchurch Business Park and Waymills Industrial Estate including Grocontinental site in Whitchurch.
- 5.19 Due to the rural nature of Shropshire, the agriculture, Agri-Tech and food sectors play a key role in the local economy. Many of these occupiers are located in the north of the study area, with Muller Dairies and Culina logistics located in Market Drayton, Grocontinental in Whitchurch and Fullwood Packo in Ellesmere.

### **Distribution of office stock**

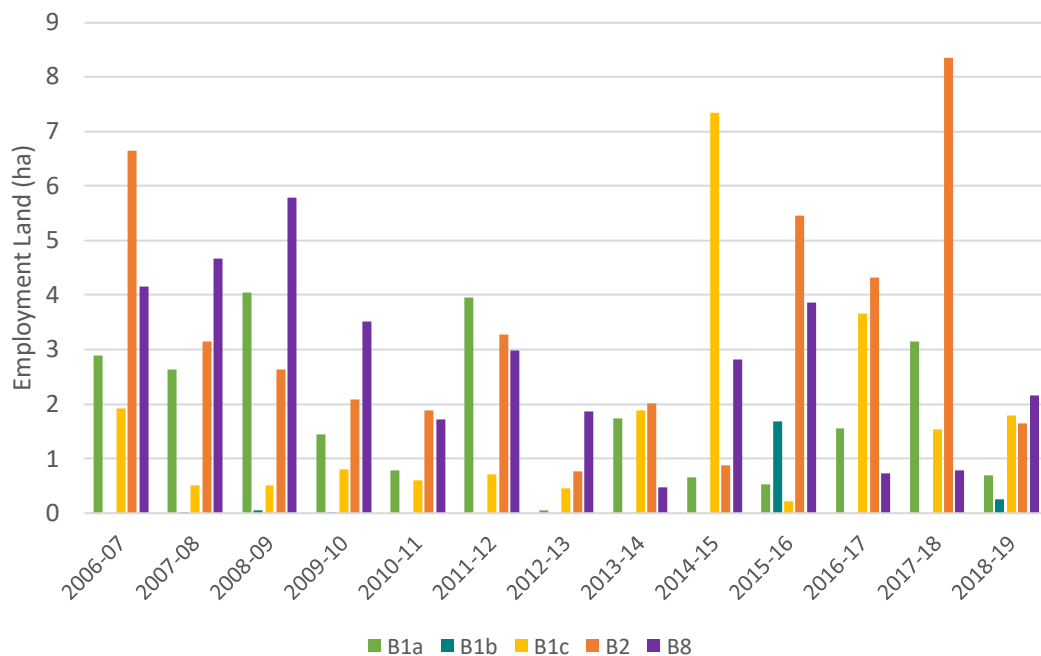
- 5.20 Office stock within the Council area is generally located in the town centres, and on some established office parks. There are also some office premises located on established industrial parks. Office premises are in highest concentration in Shrewsbury and surrounds, which is where the majority of demand for office premises lies.
- 5.21 Approximately 2 miles south-east of Shrewsbury town centre lies Shrewsbury Business Park, which is considered to be Shropshire's premier business park, and houses the largest concentration of out of town office premises in the study area. This site comprises of office development, with a mix of private and public sector occupiers including Shropshire Council, Shropshire NHS, NFU Brewin & Dolphin, SKM Enviros, Handelsbanken and St James Group alongside a Co-op foodstore and a Holiday Inn Express. The park benefits from direct access to the A5 via the Emstrey Island roundabout. There is still land available for office development at this location. Other office premises in Shrewsbury are generally located within the town centre. To take one example, Abbey Lawn is a prestigious office park located in an edge of town centre location in Shrewsbury. Occupiers include Croud, Lanyon Bowdler Solicitors, West Mercia, Energy, Jelf, Carter Jonas, YLB Training and Redan Publishing.

5.22 Ludlow also has a smaller, established business park on the periphery of the town known as the Eco Business Park. This houses occupiers such as Flexspace Ludlow, Lanyon Bowdler Solicitors and Kinetic Solutions. There remain 3 plots still available for development, totalling 2.03 acres.

### Gross Completions

5.23 Data on gross completions for the period 2006/07 to 2018/19 was analysed. Take-up (i.e. completions) of land for employment development has been provided by Shropshire Council over this time period, broken down by Use Class (see Figure 5.8). Gross completions have totalled 126.65 ha over the past 13 years stretching back to 2006/07, at an average of **9.74** hectares annually. However, it is worth noting that completions fluctuated from year to year; the annual average provides a ‘smoothed’ indication of delivery over the whole period. A low of 3.14 ha in 2012/13, from a peak of 15.61 ha in 2006/07. 6.53 ha was delivered in the most recent recording year, of 2018/19.

Figure 5.8 Gross Annual Employment Land Completions 1996/97-2019/20

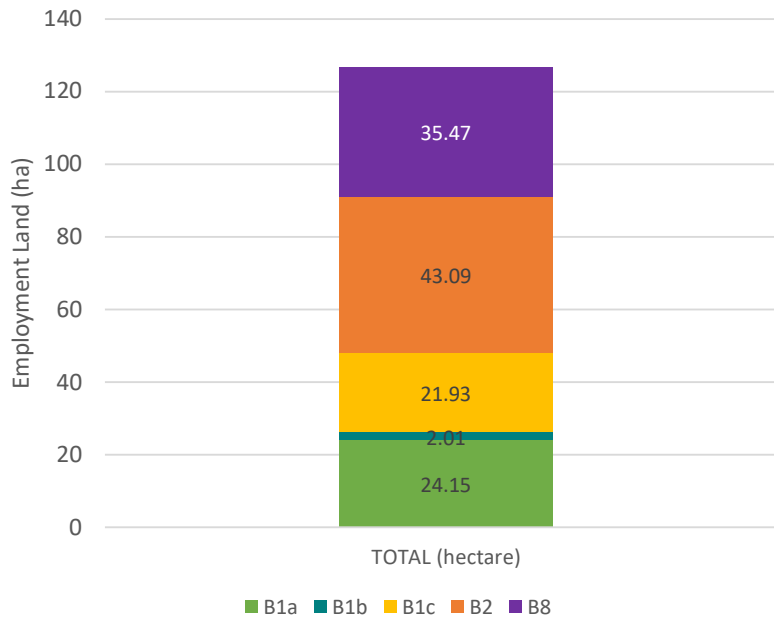


Source: Shropshire Council December 2020

5.24 The Council has broken the employment land take up down to (former) B-Class uses, as summarised in Figure 5.9. It indicates that of the 126.65 ha of land delivered since 2006/07, 26.16 ha comprised Office/R&D land (20.65%); 21.93 ha B1c (17.3%) 43.09 ha of B2 (34.0%); and 35.47 ha of B8 warehousing and distribution (28.0%). Applying a standard plot ratio of 40% would suggest that over half a million sqm of commercial/industrial floorspace has been delivered over the past 13 years, at an average of 38,970 sqm annually.



Figure 5.9 Annual Employment Land Completions by (former) B-Class Use, 2006/07-2017/18



Source: Shropshire Council December 2020 / Lichfields analysis

## Losses

5.25

Losses were also recorded by the Council in their previous AMR’s when Shropshire’s former Monitoring Team produced the documents up to 2013 and consequently this data is only available between 2006 and 2013. Figure 5.10 indicates that a total of 31.8 ha was lost to alternative non-B Class uses over those 7 years, at an average of 4.54 ha a year, with the majority being lost to residential (13.9 ha) and Sui Generis (8.8 ha) uses.

Figure 5.10 Employment Land Losses in Shropshire, 2006 to 2013

**Table : Non Class B Completions 2006 to 2013 - by Location and Use**

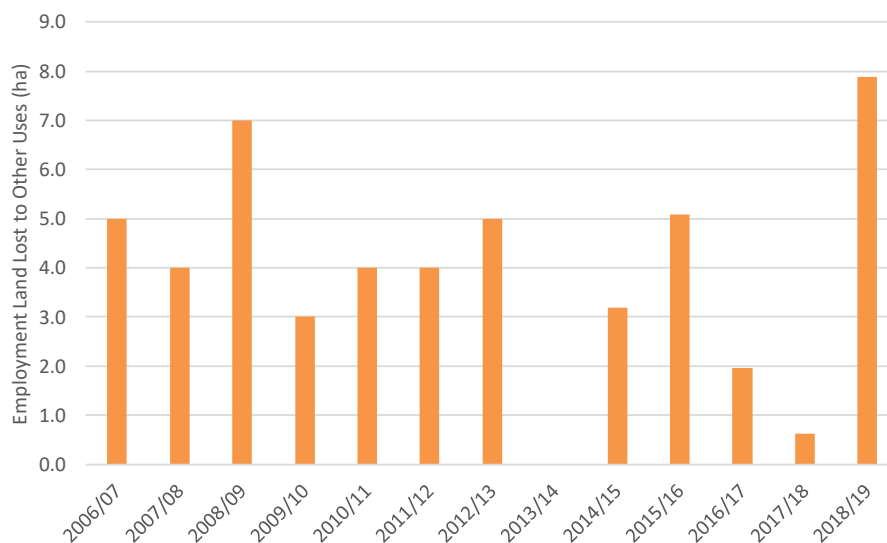
SHROPSHIRE	A1	A2	A3	A4	A5	C1	C2	C3	D1	D2	SG	Total
	HECTARES											
<b>SHROPSHIRE</b>	<b>2.9</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.4</b>	<b>13.9</b>	<b>3.8</b>	<b>1.3</b>	<b>8.8</b>	<b>31.8</b>
<b>North West</b>	<b>1.3</b>	-	<b>0.2</b>	<b>0.2</b>	-	-	-	<b>3.6</b>	<b>0.9</b>	<b>0.5</b>	<b>0.1</b>	<b>6.7</b>
Oswestry	0.0	-	0.2	0.2	-	-	-	2.7	0.9	0.1	0.1	4.1
Ellesmere	1.2	-	-	-	-	-	-	0.9	-	0.4	-	2.6
<b>North East</b>	<b>1.3</b>	-	-	-	-	-	<b>0.4</b>	<b>5.5</b>	<b>1.3</b>	<b>0.7</b>	<b>1.4</b>	<b>10.7</b>
Market Drayton	0.1	-	-	-	-	-	-	2.4	0.0	0.5	0.4	3.5
Whitchurch	1.1	-	-	-	-	-	0.4	2.1	-	0.2	0.4	4.2
Wem	0.0	-	-	-	-	-	-	1.0	1.3	-	0.7	3.0
<b>Central</b>	<b>0.3</b>	<b>0.2</b>	<b>0.0</b>	-	<b>0.0</b>	-	-	<b>1.3</b>	<b>1.3</b>	<b>0.1</b>	<b>6.3</b>	<b>9.5</b>
Shrewsbury	0.3	0.2	0.0	-	0.0	-	-	1.2	1.3	0.1	6.2	9.4
Minsterley & Pontesbury	-	-	-	-	-	-	-	0.1	-	-	0.0	0.1
<b>South</b>	<b>0.0</b>	-	<b>0.0</b>	-	-	-	-	<b>1.5</b>	<b>0.1</b>	-	-	<b>1.7</b>
Ludlow	-	-	-	-	-	-	-	0.1	0.0	-	-	0.1
Bishops Castle	-	-	-	-	-	-	-	0.1	-	-	-	0.1
Craven Arms	0.0	-	-	-	-	-	-	-	-	-	-	0.0
Church Stretton	0.0	-	-	-	-	-	-	-	0.1	-	-	0.1
Cleobury Mortimer	-	-	0.0	-	-	-	-	1.4	-	-	-	1.4
<b>East</b>	<b>0.1</b>	-	-	-	-	-	-	<b>2.0</b>	<b>0.1</b>	-	<b>1.0</b>	<b>3.2</b>
Bridgnorth	0.1	-	-	-	-	-	-	0.9	0.1	0.0	0.8	1.8
Shifnal	-	-	-	-	-	-	-	0.5	-	-	0.2	0.7
Much Wenlock	-	-	-	-	-	-	-	-	-	-	-	-
Broseley	-	-	-	-	-	-	-	0.6	-	-	-	0.6
Highley	-	-	-	-	-	-	-	-	-	-	-	-
Albrighton	-	-	-	-	-	-	-	-	-	-	-	-

Source: Shropshire Council

5.26 As can be seen from the Table, 10.7 ha was lost in the North East of Shropshire (spread evenly across the market towns of Market Drayton, Whitchurch and Wem, with a further 9.4 ha lost in the County town of Shrewsbury).

5.27 To supplement the data above, Shropshire Council Officers have also reviewed the commercial sites data from completed residential developments for the period 2014 to 2019 to inform the assumptions about the need for additional employment land to replace losses to other uses. Although this does not include data for the year 2013/14, it indicates that over the remaining 5 years to 2018/19, a total of 18.8 ha employment land was lost to residential uses alone. Including the aforementioned losses data from 2006/07 to 2012/13, this equates to 4.2 ha per annum (which is likely to be an under-estimate given that losses of employment land to, for example, Sui Generis uses will not be included in the data post 2012/13).

Figure 5.11 Annual Employment Land Losses by B-Class Use, 2006 to 2018/19\*



Source: Shropshire Council

\*Note – data not available for 2013/14.

## Development Pipeline

5.28 To assess the amount of employment development coming forward in the study area, JLL has collected details of land that is currently being marketed for the development of employment uses within the study area, as shown below:

Table 5.8 Schedule of Land Available for Employment Development and Proposed Units

Address	Site Area	Sale/Let	Status	Price	Comment
Shrewsbury South, Oteley Road, Shrewsbury	35 acres	Sale	Available	Not Disclosed	Available for D&B opportunities. There are 5 parcels of commercial land available, ranging in size from 3 ac – 10.4 ac and totalling 35 ac. The site forms part of the Shrewsbury South sustainable urban extension whereby planning permission has been granted for a variety of employment/commercial uses including B1, B2 and B8 uses, a hotel, care home and supporting local centre and community uses.
Battlefield Road, Shrewsbury	7.9 acres	Sale	Under Offer	Not Disclosed	The site is being marketed for both residential and commercial uses. The site has planning permission for part B2 use and the development of up to 100 houses, with an area totalling 15.89 acres. The site can be acquired as a whole or as two separate parcels.

Address	Site Area	Sale/Let	Status	Price	Comment
Land at Battlefield Roundabout A49/A53, Shrewsbury	5.3 acres	Sale	Under Offer	Not Disclosed	The site has a prominent frontage onto the Battlefield roundabout, at the junction of the A49 and A53.
Greenhills, Vanguard Way, Battlefield Enterprise Park, Shrewsbury	6.7 acres	Sale or Let	Available	Not Disclosed	Available subject to forward sale or pre-let agreement. Two separate sites available of 1.5 acres and 5.2 acres. Will consider larger scale development for owner occupiers. Available for occupation from late 2021 onwards. Premises are available to let for £7.00 - £7.50 per sq. ft. Subject to Planning.
Land at Emstrey Island, Thieves Lane, Shrewsbury	8 acres	Sale or Let	Available	Not Disclosed	The site is located on the southern fringe of Shrewsbury opposite Shrewsbury Business Park and adjacent to the new Jaguar Land Rover dealership. The site has detailed planning permission for B1/B2 – Office redevelopment. There is a maximum of 8 acres available with smaller serviced plots available.
Land at Welshpool Road, Bicton, Shrewsbury	2.85 acres	Sale	Under Offer	Not Disclosed	Located adjacent to Oxon Business Park. Available as a virtual freehold (999 year ground lease). The site forms part of the Shrewsbury West Sustainable Urban Extension. Site is considered suitable for retail/medical/showroom/restaurant/trade counter/office/hotel uses.
Plot 2 Churncote Island, Welshpool Road, Shrewsbury	2.55 acres	Sale	Under Offer	Not Disclosed	The site has been identified within the Sustainable Urban Extension Shrewsbury West for employment uses (subject to planning).
Stewart Rd, Stanmore Business Park, Bridgnorth	2.5 acres	Let	Available	Not Disclosed	40,000 sq. ft Build to Suit opportunity located on the established Stanmore Business Park.
Tern Valley Business Park, Phase II, Market Drayton	13.5 acres	Sale	Available	£125,000	Phase 1 of Tern Valley Business Park is occupied by Muller Yoghurts and Deserts. Phase II comprises serviced employment land which has been made available for B1, B2 and B8 uses. The scheme comprises 9,000 sq. ft of small workshops and 14,000 sq. ft of offices. Office space available long leasehold from 1,000 sq. ft at a quoting price of £125,000.
Leasowes Business Park, Cressage, Shrewsbury	Unknown	Let	Available	Rent £10.00 per sq. ft	Proposed barn conversion office development on an established business park, approximately 7 miles south east of Shrewsbury town centre. Office will total 1,439 sq. ft.
Plot 25, Shrewsbury Business Park, Shrewsbury	Unknown	Let or Sale	Available	Rent £15.45 per sq. ft	The Plot has consent for the development of 7,766 sq. ft of offices within Use Class B1.
Plot 28, Shrewsbury Business Park, Shrewsbury	Unknown	Let or Sale	Available	Rent £12.42 to £13.08 or for sale from £456,000 to £527,500	Scheme comprises the development of a terrace of 3 small office units. One unit has sold.
Plot 31 Shrewsbury Business Park, Shrewsbury	Unknown	Let or Sale	Under offer	Rent £13.89 per sq. ft or sale price of £2,775,000	The Plot has consent for the development of 15,118 sq. ft of offices within Use Class B1.
Plot 33 Shrewsbury Business Park, Shrewsbury	Unknown	Let or Sale	Under Offer	Rent £14.00 or sale price of £1,980,000	The Plot has consent for the development of 10,706 sq. ft of offices within Use Class B1.
Phase 1B, Ludlow Eco Park, Ludlow	2.88 acres	Sale	Under Offer	£792,000	Serviced plots. Available for B1/B2/B8 uses.
Land adjacent to Netherton Workshop, Highley, Bridgnorth	1.46 acres	Sale	Available	£275,000	Site has planning permission for 12 B1 units extending to 20,654 sq. ft.
Land at A41/Heath Road, Whitchurch	11.76 acres	Sale	Available	£600,000	Allocated as employment land within Shropshire Council Adopted Policies Map 2015.
Smithfield Park,	7 acres	Sale	Available	Not	Adjacent to new Morrisons foodstore. The site is considered

Address	Site Area	Sale/Let	Status	Price	Comment
Oswestry				disclosed	appropriate for roadside uses, leisure, retail and tradecounter. Available long leasehold.
Land at A5/B4579 Oswestry	3.5 acres	Sale	Available	Not disclosed	Suitable for a range of uses including car showroom/restaurant/trade counter/offices/hotel. Virtual freehold.

Source: JLL (2020)

- 5.29 JLL has also given consideration to land that has recently sold for employment development. Details of these sites are included below:

Table 5.9 Schedule of Recent Employment Land Transactions

Date	Address	Area	Price	Comment
Jan 2020	Plot 1 Churncote Island, Welshpool Road, Shrewsbury	5.24 acres	Not Disclosed	Purchased by EG Group. Identified for commercial uses, however likely to be developed for roadside development.
Oct 2019	Plot 4, Ellesmere Business Park, Ellesmere	0.18 acres	£40,000	Sold with planning consent for an industrial/distribution unit of 2,300 sq. ft.
June 2018	Ironbridge Power Station, Buildwas	350 acres	£4,250,000	Purchased by Harworth Group. Includes 140 acre power station site plus an additional 100+ acres of greenbelt. Purchased for both residential and commercial development. An application for outline planning permission was submitted in December 2019. The planning permission includes the proposed development of 1,600 sq. m of B1 (a) offices, 6,800 sq. m of B1 (c) light industrial, 6,800 sq. m of B2 general industrial and 800 sq. m of B8 storage and distribution premises.
Apr 2018	Former Transport Yard, Shrewsbury Road, Minsterley	1.41 acres	£275,000	Sold with resolution to grant planning consent for 12 business units and 13 residential dwellings subject to completion of the Section 106.
Jan 2018	Phase 3, Shrewsbury Business Park, Shrewsbury	24.5 acres	£3,500,000	Purchased by Euro Garages Ltd. The land is allocated for employment use and is part of the Shrewsbury South Sustainable Urban Extension.
Oct 2017	Plot 1, Shrewsbury Food Enterprise Park, Battlefield, Shrewsbury	2.88 acres	Not Disclosed	Mercedes-Benz Cars UK Ltd purchased the site long leasehold. Site developed for a car dealership.

Source: JLL (2020)

- 5.30 As we can see from the above evidence, there have been very few transactions for development land within the Shropshire Council boundary in recent years. There is also very limited development land currently available to the market, with much of what is available being under offer. We can see from the transactions listed in the schedule above that much of the land that was marketed for employment development has been purchased for roadside uses and a car dealership, with the exemption of the Ironbridge Power Station site, whereby it is unlikely that the site will come forward in the next 5-10 years.

5.31 The following table details various schemes proposed for development, but that have not yet come forward:

Table 5.10 Schedule of Proposed Future Developments

Scheme Name	Area	Quantum of Development	Description
Flaxmill Maltings, Shrewsbury	2.63 ha	2,600 sqm	Office space will be available to the market in 2021. The property comprises 1,394 sqm of office space with an additional 279 sqm of meeting space. The site has outline consent.
Shrewsbury Big Town Plan	Various	Various	The Shrewsbury Big Town Plan proposes various areas for the regeneration of the town centre and creation of new business space, including the 'Northern Corridor' and area surrounding the station as well as the 'Riverside Quarter'.
Ironbridge Power Station	140 ha	1,626 sqm of Office space and 14,400 sqm of light industrial, B2 and B8 development	An application for outline planning permission was submitted in December 2019. The site was purchased by Harworth Group in 2018 and comprises a large mixed use regeneration site.
Innovation Park, Oswestry	18.2 ha	TBC	To be developed in 4 phases. The current phasing plan shows development of c 35,300 sqm of development across B and E Use Classes. Innovation Park forms part of the Oswestry Growth Corridor which include a number of additional sites allocated for employment development.

Source: JLL (2020)

## 6.0 Stakeholder Consultation and Business Survey

### Introduction

- 6.1 A number of key economic development stakeholders were consulted to provide additional insight and to validate the findings of the study. This included representatives from the LEP, Shropshire Chamber of Commerce and the Shropshire Business Board. These organisations have an excellent understanding of economic development in the Shropshire and West Midlands context, and the needs and opportunities for local businesses.

### Local Planning Authorities

- 6.2 **Black Country** – Recommendation B of Shropshire Council’s Cabinet Report on the Pre-submission Draft Local Plan (Regulation 19) confirms that the Cabinet agreed the principle for the Council to accept **up to 30 hectares** of employment need from the Association of Black Country Authorities [ABCA] as part of the legal Duty to Cooperate process. This supplemented the acceptance of up to 1,500 dwellings from ABCA to 2038 (previously agreed in principle), and for this employment provision to be distributed in accordance with draft policy SP2 of the draft Local Plan.

### Key Stakeholders

#### The Marches LEP

#### Shropshire Chamber of Commerce

- 6.3 Shropshire Chamber of Commerce has around 700 members across Shropshire and regularly surveys its membership on general performance and key issues being faced by local businesses. The Chamber has a strong working relationship with the Council (“as good as it has ever been”) and this is something that should be nurtured. A number of points were raised in discussion, including:
- Workforces have largely adapted to home working and there is likely to be a high share of businesses continuing to offer flexible working arrangements moving forward;
  - Some members consider that large, open-plan offices may be a thing of the past;
  - There is currently a focus on downsizing premises rather than looking to expand;
  - Work-life balance and mental health are at the forefront of many business strategies and are increasingly affecting the choices made by workers;
  - Many workers are looking to reduce commuting times and increase working flexibility, with reports from local estate agents of increased demand for housing in rural locations, often with home office facilities;
  - Businesses are increasingly looking towards eco-friendliness as a main consideration when thinking about their premises;
  - Shropshire has lots of fairly old premises that do not meet many businesses’ standards in terms of both environmental and maintenance/refurbishment costs; and
  - Broadband infrastructure in many areas of Shropshire considered “fragile”, with a big job to do particularly in light of changing working arrangements.

#### Shropshire Business Board

- 6.4 The Shropshire Business Board is an independent group of business leaders who endeavour to encourage business engagement with communities and attract inward investment into Shropshire from both the public and private sector. The Board is a critical friend of the Council and includes members from the Marches LEP. In discussion with Lichfields about the needs of business in Shropshire the following points were raised:
- The board sees demand for employment sites predominantly coming in two forms: demand for major engineering sites and demand from creative and service professionals;
  - There is major demand for large engineering units in well-connected “gateway” developments such as along the M54;
  - Units such as those occupied by Caterpillar and Grainger are in desperate demand;
  - There is a real opportunity to make Shropshire a destination for engineering;
  - There is a pool of creative and service professionals in need of shared office and co-working space;
  - Existing shared office developments at Flax Mill, Evans Easy Space will go some way to addressing demand but are not enough;
  - Shared office space is in demand not just in town centre locations but also within business parks;
  - A key challenge is paring up large industrial parks with the necessary infrastructure – many have existing issues with roads and parking;
  - Walking, cycling and public transport infrastructure are important and must be improved, but roads and parking cannot be neglected;
  - Another source of demand going forwards is for call centres thanks to Shropshire’s neutral accent;
  - There are call centre operators looking to locate in Shropshire, but broadband and parking issues remain key barriers;
  - The Council has come a long way in the past 5/6 years in terms of engagement and used to be considered a closed shop. The Council is now supportive and a real focal point for economic development work, with a number of big success stories; and,
  - The Council and stakeholders within Shropshire must continue to celebrate what has been achieved and highlight the business opportunities available.

## **Shropshire Business Survey**

- 6.5 Shropshire Council commissioned a survey of businesses in 2019 to provide data to support the successful delivery of the Shropshire Economic Growth Strategy, the Corporate Plan and to support the work and ambitions of key partners such as the Marches LEP and Midlands Engine<sup>62</sup>.
- 6.6 The survey received 601 responses which were then weighted to align with the IDBR profile of businesses within Shropshire in terms of sector, employee band and location.

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<sup>62</sup> Shropshire Business Survey (Shropshire Council) 2019 at: <https://shropshire.gov.uk/planning-policy/local-planning/local-plan-review/evidence-base/>

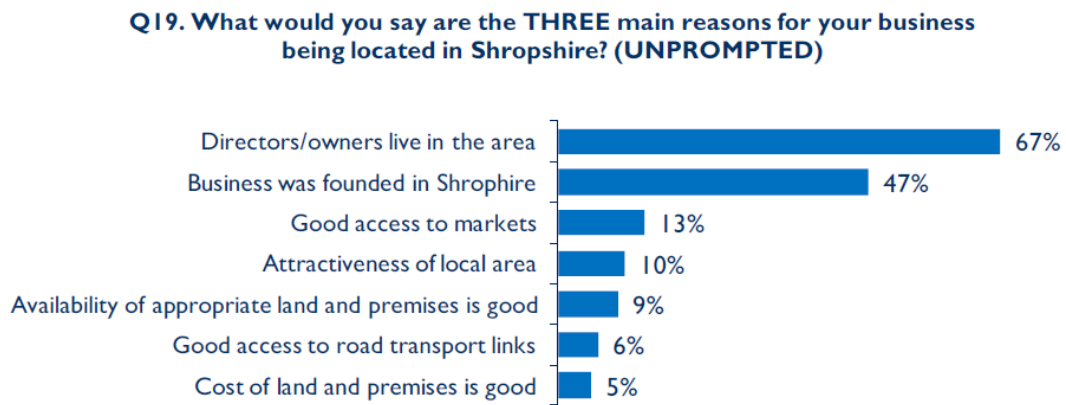
Figure 6.1 Business Survey: Number of Employees

Number of employees (From question S7)	All Enterprises (IDBR 2018)		Achieved Sample (Unweighted)		Achieved Sample (Weighted)	
Below 10	14,225	91%	427	71%	544	91%
10-49	1,260	8%	151	25%	48	8%
50-249	190	1%	19	3%	7	1%
250+	35	<1%	4	1%	1	<1%
<b>Base</b>	<b>15,710</b>		<b>601</b>		<b>601</b>	

Source: Qa Research for Shropshire Council (2019): Shropshire business survey 2019

- 6.7 Respondents mostly included well-established businesses, with 46% having operated from their current site for over 20 years; 20% for between 11 and 20 years; and, 17% between 6 and 10 years. 17% of businesses surveyed had operated from their current site for less than 5 years. 31% of businesses surveyed had a turnover less than the VAT threshold of £85,000 in the past year and a further 30% had a turnover of between £85,000 and £250,000. Less than 2% of respondents had a turnover of £5m or more.
- 6.8 Section 5.3 of the Survey explored the views of respondents towards operating within Shropshire. When asked for the three main reasons for being located in Shropshire the responses largely reflected the smaller nature of businesses, with over two thirds having owners that live in the area and just under half having been founded in Shropshire. Other responses included good availability of land and premises (13%), good access to transport links and good cost of land and premises (5%).

Figure 6.2 Business Survey: reasons for location in Shropshire

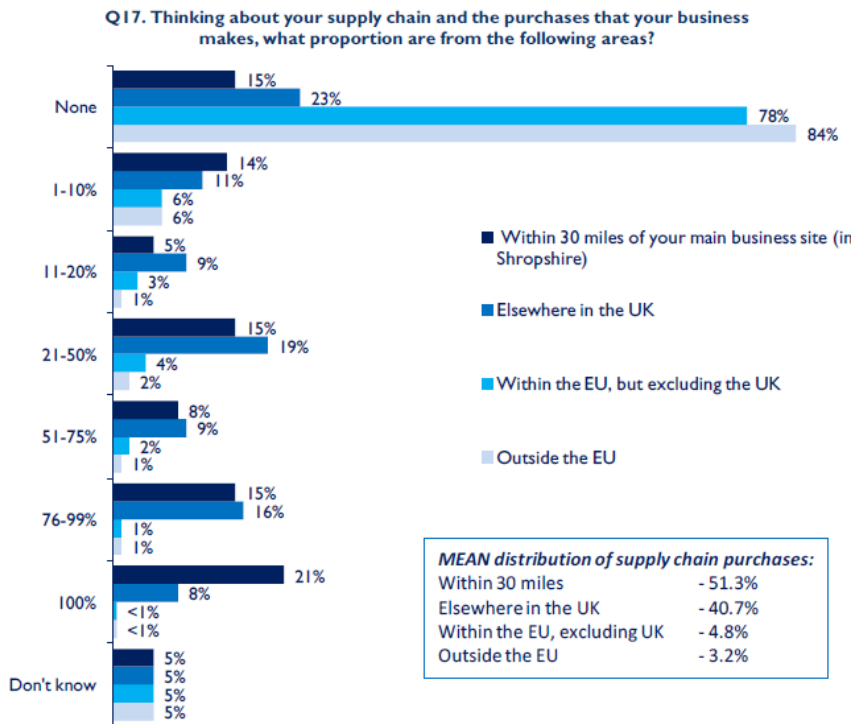


Source: Qa Research for Shropshire Council (2019): Shropshire business survey 2019

- 6.9 Asked about the distribution of supply chain purchases, over a fifth of businesses stated that 100% of their supply chain purchases are within 30 miles of their main business site. Overall, just over 50% of all supply chain purchases amongst respondents are from within 30 miles, with a further 40.7% coming from within the UK.



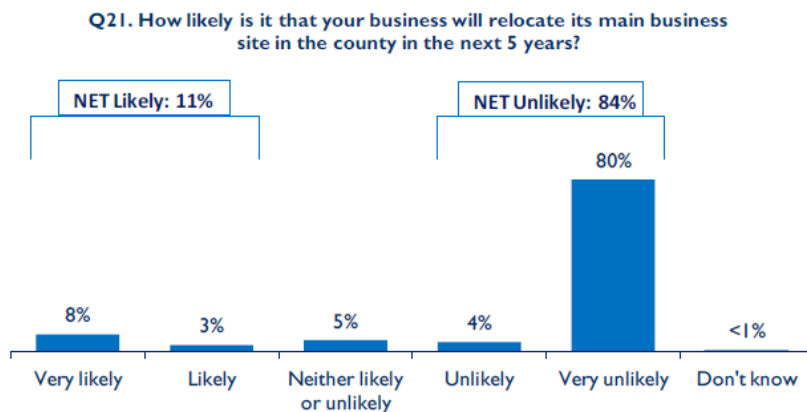
Figure 6.3 Businesses Supply chain distribution



Source: Qa Research for Shropshire Council (2019): Shropshire business survey 2019

6.10 11% of businesses surveyed stated that they are likely to relocate their main business site within the next five years, with 8% suggesting that a move is very likely. With one in ten businesses looking to move, a relatively high level, this is a key indicator that it is important to maintain a level of choice within the market for new employment sites.

Figure 6.4 Business survey: likelihood of relocation



Source: Qa Research for Shropshire Council (2019): Shropshire business survey 2019

6.11 Of the 84 businesses who are likely to move within the next five years or are undecided, 34 stated that the primary reason for seeking to relocate is that current premises are too small; 11 stated that the cost of their current premises is too high; 7 are seeking to relocate for business expansion; and, 5 find their current premises too big. Other responses include the need for better parking facilities (4); to benefit from better transport links (3); to access better broadband (3); and, to move into more modern premises (2).

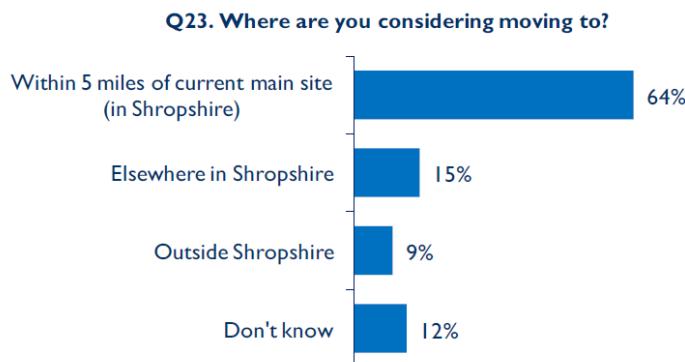
Figure 6.5 Business survey: reasons for relocation

<b>Q22. Why likely to relocate main business site in the county in the next 5 years? (UNPROMPTED)</b>		
	<i>n</i>	%
Current premises too small	34	35%
Lifestyle/personal reasons	22	23%
Cost of current premises too high	11	12%
Gain access to new markets	9	10%
Business growth and expansion	7	8%
To be closer to existing customers	6	7%
Current premises too big	5	6%
Due to the current political situation	5	6%
Increased business costs	5	5%
Better parking facilities	4	4%
To benefit from better transport links	3	3%
To access better broadband	3	3%
High business rates	3	3%
Gain access to skilled and affordable labour	2	2%
To be closer to suppliers	2	2%
Our building is up for sale	2	2%
To move into more modern premises	2	2%
We are approaching the end of our tenancy	1	1%
The site could be redeveloped	1	1%
Other	6	7%
<b>BASE: All 'likely' or 'neither likely nor unlikely' to relocate (84)</b>		

Source: Qa Research for Shropshire Council (2019): Shropshire business survey 2019

6.12 Of the same 84 businesses, 64% are considering moving to a location within 5 miles of their current main business premises and a further 15% within Shropshire. Just 9% of those who are considering relocation would seek to move outside of Shropshire, whilst 12% are unsure.

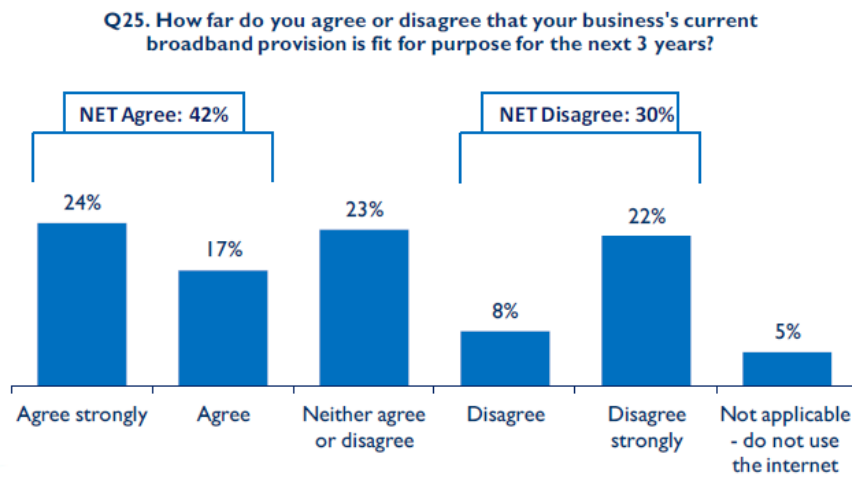
Figure 6.6 Business survey: relocation distance



Source: Qa Research for Shropshire Council (2019): Shropshire business survey 2019

6.13 Regarding broadband provision, 42% of businesses surveyed stated that their current broadband provision is fit for purpose. However, 30% of business stated that it was not, with over a fifth of respondents strongly disagreeing that their current broadband provision is fit for purpose.

Figure 6.7 Business Survey: broadband provision



Source: Qa Research for Shropshire Council (2019): Shropshire business survey 2019

6.14

This research provides a robust assessment of the views of the business community in Shropshire amongst a representative sample of firms and provides key insights that should influence the Council's future direction in terms of employment needs. These include:

- businesses acknowledge national barriers to growth, but evidence indicates specific operating challenges in Shropshire, although not creating severe limitations for businesses;
- more than half of businesses have supply chains which do not extend beyond Shropshire and less than 10% have made international purchases;
- more than 1 in ten businesses are considering or are likely to move premises within the next five years, of which 79% are not considering moving outside of Shropshire;
- premises being too small or the cost of premises being too high are amongst the top reasons given for considering a relocation; and,
- there are particular issues for businesses accessing wi-fi and broadband technologies.

## 7.0 **Property Market Signals and Intelligence**

### **Introduction**

7.1 This section provides an overview of the commercial property market in and around Shropshire, including recent trends in demand and supply. The findings are led by JLL and incorporate the findings of discussions with a number of commercial property agents currently active in the County and wider sub-region and where appropriate this has been supplemented with information derived from a number of sources including commercial property availability databases and published reports.

### **National and Regional Property Market Overview**

#### **National Industrial & Logistics Market Overview**

- 7.2 Despite the uncertainties in the commercial property market as a result of ongoing Brexit negotiations and the onset of the Covid-19 pandemic, the industrial and logistics sector has performed strongly across 2020.
- 7.3 Demand from e-commerce has driven this performance with demand from this sector being accelerated as a result of the pandemic and the associated lockdowns, causing many to turn to online shopping.
- 7.4 Online grocery sales increased substantially in 2020. A permanent rise in demand for online groceries will likely result in supermarkets investing in purpose-built fulfilment centres in order to accommodate the growth in online grocery shopping. More niche logistics space such as smaller fulfilment premises in urban centres and cold storage is likely to continue to see healthy demand in order to help accommodate this growth.
- 7.5 Despite this resilience, traditional occupiers, such as manufacturers did not perform as strongly across 2020. The initial lockdown period caused UK manufacturing plants to shut for over 2 months, meaning that the sector was absent from leasing during Q1 2020. Nonetheless, this disruption to manufacturing has brought into question supply chain resilience, which may result in some businesses diversifying suppliers and sourcing locally, known as 're-shoring' or 'on-shoring' to minimise potential future disruptions.
- 7.6 This increase in 'on-shoring' is likely to increase demand as companies hold more inventory in the UK to reduce supply chain risk.
- 7.7 The UK 'Big Box' industrial and logistics market saw take up levels of 22.1m sq. ft for Grade A space across Q1-Q3 2020. E-commerce accounted for 34% of this take up. Take up in Q3 was the highest on JLL's records standing at 12.4m sq. ft. Interestingly, 2.6m sq. ft of take-up to Q3 2020 was for short term letting of less than 12 months.
- 7.8 There has been a strong shift in demand for existing units in 2020, due to many occupiers requiring immediate occupation to facilitate growth.
- 7.9 At the end of Q3, the modern logistics vacancy rate stood at 7%. Nationally, the vacancy rate is falling, with their being less than 6m sq. ft of space speculatively under construction. As a result, there is likely to be a supply shortage going forward, which may lead to rental growth in some locations.
- 7.10 With regards to the West Midlands, as of H1 2020, the level of supply stood at 8.64m sq. ft across 44 separate units. This shows a 20% increase from the start of 2020 and is largely attributable to a number of second-hand units that came back to the market, along with the

recent completion of a number of speculative units. Of the available stock as at H1 2020, 64% is considered to be Grade A quality with 36% being Grade B or C, with a significant proportion of this stock needing refurbishment in order to accommodate modern occupier requirements.

### **National Office Market Overview**

- 7.11 The year began with a healthy level of leasing activity across the ‘Big 6’ markets in the UK (Birmingham, Bristol, Edinburgh, Glasgow, Leeds and Manchester). Unsurprisingly, the level of leasing activity seen in Q1 was followed by a subdued Q2 as the Covid-19 pandemic impacted occupational activity across all markets.
- 7.12 Following a number of substantial deals in Q1, including BT’s 283,000 sq. ft transaction in Birmingham at Three Snowhill, the Scottish Government taking over 90,500 sq. ft in Glasgow and Osborne Clarke’s 74,000 sq. ft pre-let in Bristol, the post lockdown leasing market was characterised by much smaller deals. There were just five transactions in excess of 10,000 sq. ft across all key markets in Q2 with the largest deal taking place in Birmingham, whereby DWP leased circa 49,000 sq. ft. Generally, larger requirements – which tend to have longer lead times – are still going forward, albeit more slowly and in some cases, with a reduced footprint.
- 7.13 Q3 2020 saw 690,500 sq. ft leased taking total leasing volumes to 2.3m sq. ft; 50% below the 10-year average of 4.6m sq. ft. Between Q1 and Q3 2020 the technology, media and telecommunications sector was the most active, comprising 24% of all take-up, followed by banking and finance at 22%.
- 7.14 Overall vacancy increased to 4.7% in Q3; however, this still remains below the 10-year average of 8.0%. This vacancy rate is likely to rise over the coming months as occupiers release surplus space back to the market.
- 7.15 There was a total of 2.6 million sq. ft under construction speculatively at Q3 2020, 64% of which is new build, with the remainder being major refurbishments.
- 7.16 The majority of speculative starts planned for 2020 have been delayed, in some cases by up to 3-6 months. This factor, when combined with the high levels of pre-letting will continue to place pressure on supply in the medium term.
- 7.17 Prime rents in all rental markets remained static to Q3 2020, apart from the Birmingham and Edinburgh which both recorded growth in headline rents.
- 7.18 Overall investment volumes in the Big 6 cities totalled £219m in H1 2020, showing a reduction of 70% against H1 2019. The investment figures seen in the first half of the year were severely impacted by the Covid-19 pandemic and resulting period of lockdown. Investment activity returned in some markets in Q3 with volumes reaching £340m.
- 7.19 Two of the three largest deals in H1 2020 were by overseas investors. However there has been a notable increase in the share of domestic investment this year. UK buyers accounted for almost half of all investment volumes, up from just 17% in the first half of 2019. This is likely heightened due to the restrictions on international travel in recent months.
- 7.20 The UK remains appealing on a global scale for a number of reasons, including attractive pricing, high levels of liquidity, consistently strong occupational markets and its reputation as a hub of innovation and talent.
- 7.21 Longer term, many corporates are looking to future proof their portfolios, with risk mitigation strategies including remote working facilities. The appeal of highly dense, large, open plan offices is also now clearly up for debate. It is currently too early to make predictions in terms of

a shift in the quantum of space required by corporates coming out of the pandemic, however ultimately, the health, well-being and productivity of employees will take centre stage.

## **Shropshire Property Market Overview**

### **Market Geography**

- 7.22 Shropshire is a predominantly rural county, with approximately 40% of the population living in rural areas (GVA Shropshire Employment Land Review, 2019).
- 7.23 Shrewsbury serves as Shropshire's county town and contains 25% of the total population (GVA Employment Land Review, 2019). Shrewsbury offers a range of services and facilities and employment opportunities which serves a wider geographical area.
- 7.24 Bridgnorth, Ludlow, Market Drayton, Oswestry and Whitchurch are the five main market towns in Shropshire, and together contain circa 20% of the total population. They provide a range of services and facilities as well as employment opportunities for their communities.

### **Industrial and Logistics Market**

- 7.25 Across Shropshire the main business hubs are located around Telford and Shrewsbury. With regard to industrial and logistics premises, there is a higher quantum of industrial and logistics development, and high profile, established industrial and logistics parks located in Telford and its surrounds. The concentration of industrial and logistics premises at Telford is driven by its proximity to the Black Country, Wolverhampton and Birmingham, and the access to the M54 motorway and M6 beyond.
- 7.26 Shropshire's economic profile is predominantly made up of small businesses, which dominate the local economy in terms of the proportion of employment provided. There are also a number of regional and national occupiers in the Shropshire Market. These occupiers are generally linked to Agri-business and food production industries. In some cases, these occupiers, such as Muller, have led to a 'clustering' of occupiers associated with the same sector.
- 7.27 Shropshire is known to have particular strengths in the Food and Agri-tech industries as a result of its rural location. Large multi-national businesses in Shropshire include Muller, Fullwood Packo, Grocontinental and Caterpillar. Many of the occupiers linked to the food industry are located in North Shropshire.

### **Office Market**

- 7.28 Demand for office space within the Shropshire Council area is largely concentrated around Shrewsbury. Much of the office space in Shrewsbury is located within the town centre, with the exception of a small number of out of town office parks such as Shrewsbury Business Park.
- 7.29 The majority of new office development in the study area in recent years has taken place at Shrewsbury Business Park, with there still being some supply remaining for occupier led development.
- 7.30 Within Shrewsbury town centre, much of the office space is located within converted heritage buildings. We are aware from our consultation exercise that in recent years some of the larger office developments in the town centre have been converted into residential schemes.
- 7.31 Generally, industrial premises are in higher demand than office premises in Shropshire, nonetheless demand for office premises has somewhat seen a resurgence in recent years. This is largely due to the delivery of high-quality office premises such as Abbey Lawn in an edge of town centre location in Shrewsbury and Shrewsbury Business Park located approximately 2 miles to

the south east of the town centre, with direct access onto the A5. Despite this resurgence, demand for larger space has now eased.

## Industrial and Logistics Market Review

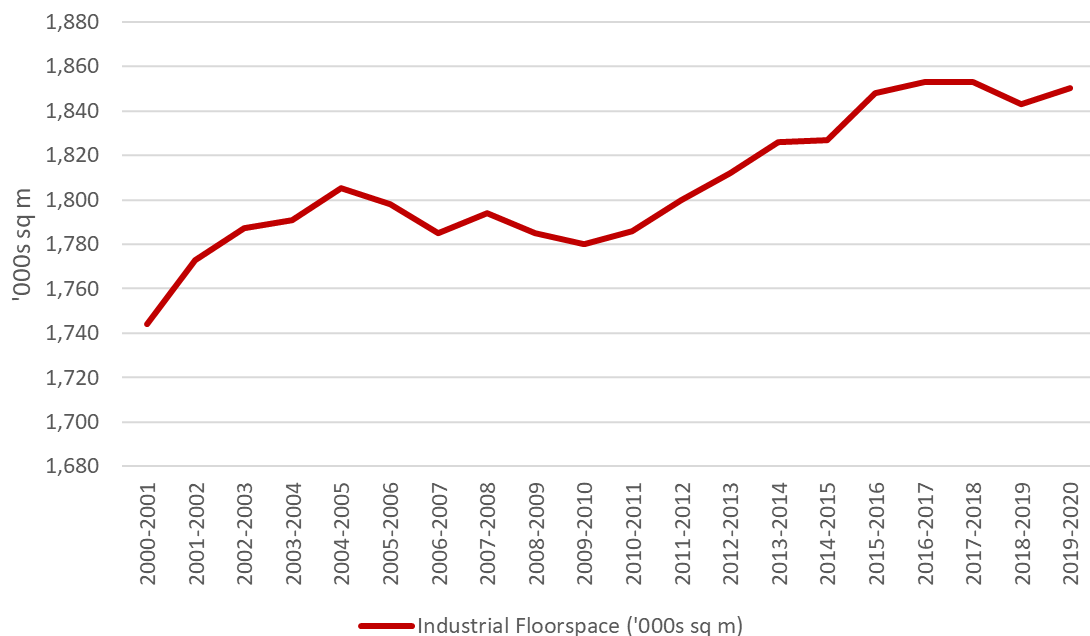
### Quantum, Mix and Change Over Time

7.32 Newly developed modern stock has largely catered to smaller occupiers and trade counter uses. From our consultation exercise, we are aware that there have been good levels of demand for this type of stock in recent years, which in turn has helped to drive rents for smaller units.

7.33 Much of the existing larger stock is dated and in need of refurbishment in order to meet the requirements of modern occupiers.

7.34 The following graph shows the quantum of industrial floorspace for the Shropshire Council area from 2000 to 2020. This information is taken from Valuation Office Agency [VOA] statistics.

Figure 7.1 Change in Shropshire County's Industrial Floorspace 2000/01-2019/20



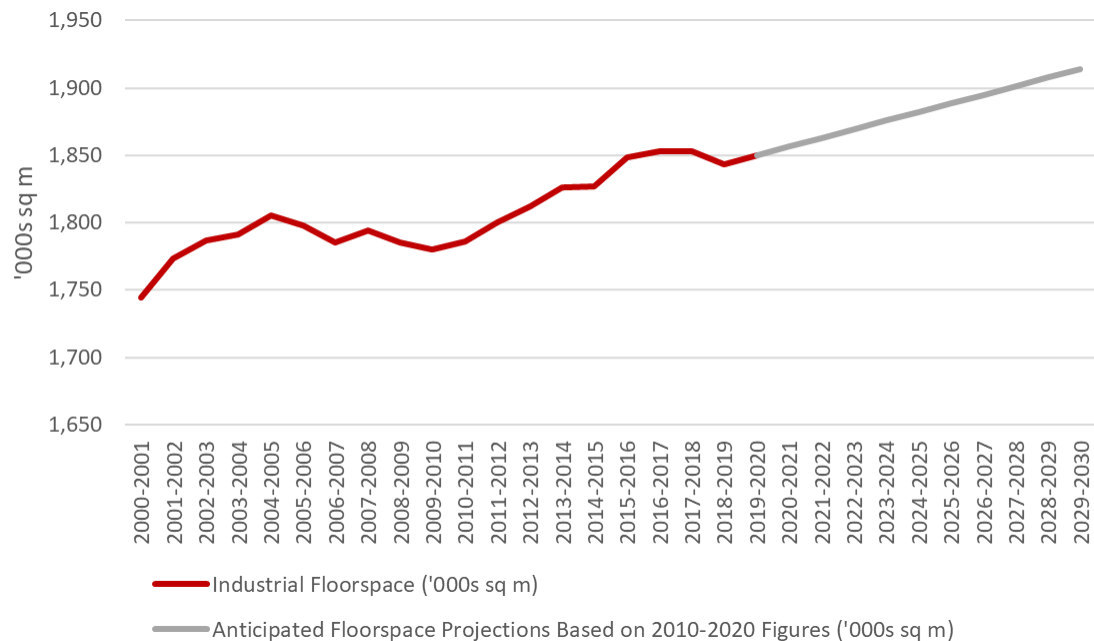
Source: VOA (2020): Total Commercial floorspace by administrative area, data to 31 March 2020

7.35 As of March 2020, the VOA data shows that there is a total of 1,850,000 sq. m of industrial floorspace across Shropshire. The neighbouring authority area of Telford and Wrekin has a total of 2,114,000 sq. m of industrial floorspace as of March 2020, showing a difference of 264,000 sqm between the two authority areas.

7.36 The data from the VOA shows a change of 106,000 sq. m of industrial floorspace between 2000 and 2020. According to the data, there has been an increase in industrial floorspace of 2,000 sqm since 2015.

7.37 Based on the figures detailed from 2000-2010, we have shown a projection of what the potential growth in industrial stock in Shropshire could resemble, if the market were to continue the same growth trend seen between 2010 and 2020. This is shown by the grey line on the graph below.

Figure 7.2 Projected Change in Shropshire County's Industrial Floorspace to 2029/30



Source: VOA (2020): *Total Commercial floorspace by administrative area / JLL Analysis*

7.38 At a very basic level, and applying the 2010-2020 data, Shropshire would need to accommodate a further 64,000 sqm of industrial floorspace across the 10-year period to 2030 to facilitate the same level of growth witnessed between 2010 and 2020.

**Age and Quality of Existing Stock**

7.39 Much of the existing industrial premises across Shropshire is dated and in need of refurbishment in order to meet the requirements of modern occupiers. The quality of the existing stock will also deter potential occupiers who may be considering relocating to Shropshire.

7.40 Anecdotally, from our consultation exercise, we are aware that there have, historically, been cases whereby potential occupiers have been lost to Telford due to the absence of higher quality industrial stock that was immediately available. This is also the case for occupiers looking for expansion space; the lack of good quality, larger stock available has meant that occupiers have been lost to Telford and Wrekin, as well as further afield to Wolverhampton.

7.41 New build industrial and logistics premises in Shropshire are of a good specification. Nonetheless, there are very few new build industrial and logistic premises present. To add to this, any new development tends to comprise of smaller units; there is a shortfall of good quality space available for businesses looking to expand their footprint. In order to accommodate this, either the refurbishment of existing stock needs to take place, or the development of new high-quality space to allow for expansion.

7.42 The lack of expansion or 'grow on' space is highlighted in Inspira Consulting's 'Study of Business Grow-on Space and Support for Priority Sectors in Shropshire'. Their research highlights that there is insufficient supply to meet demand, which has resulted in companies moving out of the county. This report was published in 2017, albeit the outcomes of their research remain relevant in the present day, showing that there has been little change since this report was published..



## Rents & Yields

7.43 We are aware that prime trade counter style units within the Shropshire market have historically been in high demand which in turn has driven up prime rents to £7.00 - £7.50 per sq. ft for this type of stock. For larger units with good motorway connections, we are aware that prime rents are in the region of £6.00 - £6.50 per sq. ft. Generally, rents tend to be higher at the eastern end of the M54 corridor, closer to Telford as a result of the motorway connections, higher demand and more modern stock. A summary of recent rental transactions is outlined in Table 7.1:

Table 7.1 Summary of Recent Industrial and Logistics Lettings

Sign Date	Address	Town	Area (sq. ft)	Rent (per sq. ft)	Rent Type	Term
Oct-20	Unit 1, Prees Industrial Estate	Whitchurch	3,154	£2.00	Asking	
Jun-20	Unit 11, Mynd Industrial Estate	Church Stretton	2,463	£4.87	Asking	
May-20	Unit 4 Monkmoor Industrial Estate	Shrewsbury	2,067	£5.80	Asking	6 years
Mar-20	Units 2 & 3 St Kenelm Business Park	Shrewsbury	5,500	£7.00	Asking	15 years
Jan-20	Unit A&B, Vanguard Way	Shrewsbury	3,125	£7.36	Effective	3 years
Jan-20	March Way, Battlefield Enterprise Park	Shrewsbury	8,200	£2.68	Achieved	4 years
Dec-19	58 Ennerdale Rd	Shrewsbury	5,063	£2.23	Effective	6 years
Dec-19	58 Ennerdale Rd	Shrewsbury	3,899	£2.23	Effective	6 years
Dec-19	3-4 Knights Way, The Oaks Business Park	Shrewsbury	9,514	£2.89	Asking	
Nov-19	Unit 15, Vanguard Way	Shrewsbury	3,724	£6.04	Asking	
Oct-19	Abella House, Longden Rd	Shrewsbury	16,531	£3.59	Asking	10 years
Oct-19	107 Longden Rd, St Kenelm Business Park	Shrewsbury	5,500	£7.00	Effective	15 years
Sep-19	Unit 4, Hussey Rd	Shrewsbury	3,899	£4.49	Effective	6 years
Sep-19	Units D&E, Vanguard Way	Shrewsbury	5,175	£6.76	Asking	3 years
Aug-19	Units 1-5, Talbot Way	Market Drayton	2,600	£5.77	Achieved	6 years
Aug-19	Unit D11, Rosehill Rd	Market Drayton	4,900	£2.90	Achieved	
Jul-19	Former Countrywide Store, Adderley Rd	Market Drayton	7,805	£3.84	Asking	
Jun-19	Unit B Vanguard Way	Shrewsbury	3,125	£7.68	Asking	5 years
Apr-19	Unit A2, Rosehill Rd	Market Drayton	6,807	£4.49	Asking	
Mar-19	Harlescott Ln	Shrewsbury	4,000	£6.19	Effective	10 years
Mar-19	Ainsdale Dr	Shrewsbury	3,560	£3.65	Effective	6 years
Dec-18	Units 1, Knights Way	Shrewsbury	2,429	£4.94	Asking	

Source: JLL (2020)

7.44 The evidence above shows a range in rental values of £2.00 - £7.68 per sq. ft. The quality of the stock commanding rents at the lower end of this range is very poor, with much of the space being advertised for storage. Rents at the higher end of this range are generally for smaller, more modern units such as those at St Kenelm Business Park, Longden Road, Shrewsbury.

- 7.45 The above evidence also shows that the largest letting within the last 2 years, from our research, was at Abella House, Longden Road Shrewsbury at 16,531 sq. ft. This shows that the strongest demand is for small box units. Nonetheless, this may also be a result of the lack of available mid-box stock, coupled with the popularity of owner occupation within the Shropshire market.

### Yields

- 7.46 In respect of investment sales within the Shropshire Council area, it is clear from our research that investment sales are more common on the larger industrial estates which surround Telford. In the Shrewsbury market, investment sales for industrial properties appear to be less common, with our local agency contacts informing us that many occupiers in Shrewsbury still have a preference to purchase rather than lease. Due to the lack of evidence for investment sales in the study area, we have included details of properties that fall into the Telford and Wrekin market. A summary of recent investment transactions can be seen in Table 7.2:

Table 7.2 Schedule of Recent Industrial & Logistics Investment Transactions

Date	Address	Town	Price	Net Initial Yield [NIY]	Capital value [CV] psf	Tenants	Term Unexpired	Area/sq. ft
Mar-20	Link House, Halesfield 6, TF7 4LN	Telford	£6,560,000	9.50%	£48.95	Whittan Industrial	8 years to expiry	134,012
Jan-20	Stadco, Harlescott Lane, Battlefield Enterprise Park,	Shrewsbury	£8,700,000	n/a	£28.88	Vacant	n/a	301,240
Jan-19	36A Vanguard Way, Battlefield Enterprise Park	Shrewsbury	£4,530,000	6.00%	£106.97	Manbat Limited and Kasen Cranes	15 years and 10 years respectively	34,626
Jan-19	New Alexandra Works, Halesfield 1	Telford	£2,750,000	6.26%	£50.99	W. Corbett & Co (Galvanizing) Ltd	15 years to expiry	53,936
Dec-18	Unit D, Stafford Park 7	Telford	£2,750,000	6.32%	£54.47	Arconic Fastening Systems & Rings Ltd	4 years to break; 9 years to expiry	50,488
Feb-18	Unit F, Halesfield 14, Telford, United Kingdom	Telford	£4,030,000	7.40%	£43.06	CustomPack Limited	9.33 years	93,580

Source: JLL (2020)

- 7.47 The transactions above show a range in yields from 6.00% at Battlefield Enterprise Park to 9.50% at Halesfield 6. The yields achieved reflect a range of factors including the tenant covenant, unexpired lease term, age and condition of the premises as well as the location.

## Demand

- 7.48 From our consultation exercise, we are aware that the demand for industrial premises is stronger in the Telford & Wrekin authority area as it benefits from good access to the M54 and M6 beyond, thus explaining the larger quantum of industrial floorspace and speculative development taking place in Telford.
- 7.49 Demand for 'Big Box' units (100,000+ sq. ft) units within the Shropshire Council area is generally limited. In Shrewsbury, the demand for industrial units lies at the smaller end of the scale, with trade counter/trading estate style terraced units being popular, as can be seen at the recent Vanguard Way and St Kenelm Business Park developments. This type of accommodation helps to serve local demand. There is also some demand for 'small box' units (up to 30,000 sq. ft) and mid box (30,000 sq. ft – 100,000 sq. ft) units. This is largely due to a shortage of good quality stock within these size ranges. Again, demand for units at the upper end of the mid box scale is likely to be greater in areas with good connections to the A5 and M54.
- 7.50 There are a number of food production/agri-tech occupiers in the Shropshire market, as well as occupiers linked to this sector, such as packaging manufacturers. The rural nature of Shropshire and the benefit of the M54 motorway, allows Shropshire to accommodate and attract occupiers from these sectors, or to provide more modern, or larger accommodation to existing occupiers from both the manufacturing and agricultural sectors.
- 7.51 As well as providing access to the wider West Midlands through the M54 and M6 beyond, Shrewsbury, and Oswestry in particular are well located to provide access to Wales via the A5, thus potentially attracting occupiers who are looking for smaller buildings as a 'relay station' to serve contracts/requirements to distribute goods and services across to Wales. From our consultations we are aware that historically, there has been demand for space from occupiers such as this, however the lack of speculatively developed mid-box units has meant that these occupiers have often been lost to Telford and Wolverhampton, due to the availability of speculative units at both of these locations, allowing the requirements to be fulfilled quickly.
- 7.52 Shropshire has not historically been a popular location for large-scale distribution activity as it often loses out to Birmingham, which acts as a larger, more dominant sector for national and regional distribution functions due to its high levels of transport connectivity. There are some logistics operators located in Shropshire, including DHL and the Royal Mail. These again are located in Telford, close to junctions 4 and 5 of the M54. The majority of distribution activity in this area is driven by retailers and wholesalers.

## Supply and Availability

- 7.53 To assess the supply of existing industrial units in the study area, we have collected data regarding existing units that are currently being marketed either to let, or as a vacant possession sale for owner occupation. This data has been collected using commercial agents' databases. The data collected may not be an exhaustive list of all the properties available, nonetheless it provides a guide on the quantum and type of space currently available. The data is contained in Table 7.3.

Table 7.3 Schedule of Available Industrial &amp; Logistics Premises in Shropshire

Property Address	Town	Available Space (sq. ft.)	Quoting Rent (psf)
36 Old Coleham	Shrewsbury	2,042	£4.16
Shires House, Battlefield Enterprise Park	Shrewsbury	7,182	£5.57
Castle Business Park, Castle Foregate	Shrewsbury	4,423	Not Disclosed
Vanguard 6 Trade Park, Units A-F	Shrewsbury	20,372	£7.00 - £7.50
Simpson's Warehouse, Michael's St	Shrewsbury	1,197	£4.80
Cartmel Drive, Greenwood Court Industrial Estate	Shrewsbury	5,572	£6.54
Alpine House, Drayton Rd	Shrewsbury	987	£8.10
Unit 13, Battlefield Enterprise Park	Shrewsbury	20,621	£5.82
Harlescott Ln, Harlescott Business Park	Shrewsbury	11,582	£2.59
Church Ln, Wem Engineering Estate	Shrewsbury	11,000	£3.45
Henry Close, Battlefield Enterprise Park	Shrewsbury	2,390	£5.44
St Kenelm Business Park, 107 Longden Rd	Shrewsbury	11,000	£7.00 - 7.26
Centurion Park, Kendal Rd	Shrewsbury	8,502	£6.00 - 7.04
Centurion Park, Kendal Rd	Shrewsbury	8,502	£6.00 - 7.04
Centurion Park, Kendal Rd	Shrewsbury	8,502	£6.00
Centurion Park, Kendal Rd	Shrewsbury	8,502	£6.00
Centurion Park, Kendal Rd	Shrewsbury	5,856	£6.00
Centurion Park, Kendal Rd	Shrewsbury	5,856	£6.00
Wood St	Shrewsbury	10,383	£1.99
Wood St	Shrewsbury	3,571	£2.94
Wood St	Shrewsbury	11,604	£2.00
Coton Farm, Lower Cross	Shrewsbury	28,655	Not Disclosed
Unit 5, Knights Way	Shrewsbury	9,556	For Sale - £550,000
Unit 3 Yeomanry Rd	Shrewsbury	1,567	For Sale - £180,000
Saxon House, Faraday Dr	Bridgnorth	3,169	£4.02
Unit 1-7, Old Smithfield, Aston Street	Shifnal	3,428	£5.74-£6.00
Llewellyn Roberts Way	Market Drayton	5,012	£5.99
Adderley Rd	Market Drayton	2,072	Not Disclosed
Shrewsbury Rd, Tern Valley Business Park	Market Drayton	1,076	£6.51
Unit 3 Parys Road	Ludlow	3,190	£5.56
Unit F Cargotec Industrial Park	Ellesmere	6,918	£2.75
Wherley Rough Garage, Lower Heath	Whitchurch	2,619	Not Disclosed
Shrewsbury Rd, Prees Industrial Estate	Whitchurch	17,183	£2.00
Units 1-6 Oswestry Trade Park, Maes y Clawdd	Oswestry	9,166	£4.91
Unit 22, Maesbury Road	Oswestry	2,988	£4.57
Unit 1, Maesbury Road Industrial Estate	Oswestry	22,750	£1.54
24 Maes Y Clawdd	Oswestry	8,563	£3.21
Unit 1, Mile Oak Industrial Estate	Oswestry	9,580	£4.70
Units 1, 2 & 3 Artillery Business Park, Park Hall	Oswestry	8,201	£6.02
Part of Unit 2, Oswestry Gateway, Shrewsbury Road	Oswestry	3,148	£8.00
<b>Total</b>		<b>318,487</b>	

Source: JLL (2020)

- 7-54 We can see from the information listed above that the units available range in size from 987 sq. ft to 28,655 sq. ft. Of the 40 available units listed above, there are 10 units available over 10,000 sq. ft, 15 available between 5,000 sq. ft and 10,000 sq. ft and 15 units available under 5,000 sq. ft.

## Office Market Review

### Quantum and Mix and change over time

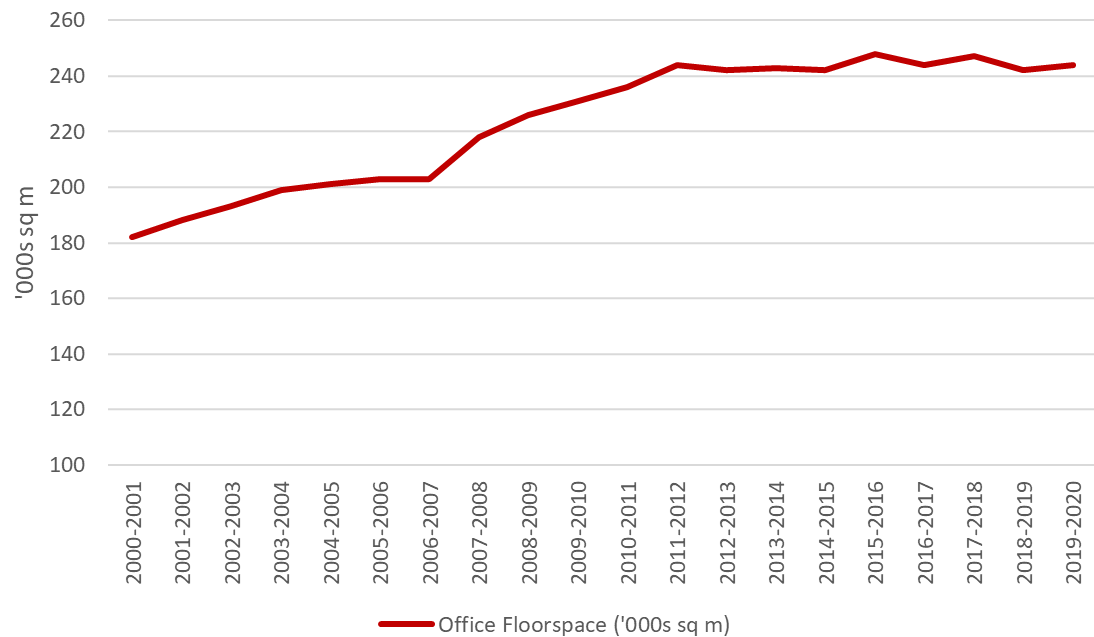
- 7-55 Office space in Shropshire is largely concentrated around the market town of Shrewsbury. Key office locations in Shrewsbury include Shrewsbury Business Park and Abbey Lawn, Abbey

Foregate. Our consultation exercise highlighted that there is generally a lack of good quality office stock within the town centre; historically any good quality smaller stock has been taken up quickly.

7.56 In the smaller market towns, office space largely serves local and regional businesses, with some national occupiers, and is generally located in the town centres, or on industrial/business parks at the edge of the town centres.

7.57 In regard to the quantum of office floorspace within the Shropshire Council area, we have had regard to the Valuation Office Agency floorspace data for office premises. The quantum of office space within the Council area between 2000 and 2020 is shown in Figure 7.3:

Figure 7.3 Change in Shropshire County's Office Floorspace 2000/01-2019/20



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

7.58 We can see from the data shown in Figure 7.3 that there has been very little change in regard to the quantum of office stock in recent years. Despite the slight fluctuations seen in the graph, according to the VOA, the overall quantum of office floorspace hasn't changed since 2011, with it remaining at 244,000 sqm.

7.59 The lack of change in office floorspace since 2011 reinforces the views of those involved in the consultation exercise, whereby many stated that due to the low rents achieved, it was difficult to justify new office development in Shropshire on viability grounds.

7.60 The data may also highlight that despite some new office development, there have also been losses in office floorspace through permitted development to residential uses. This again was anecdotally highlighted in our consultation exercise.

**Age of premises**

7.61 Much of the existing office premises in the town centres is either located in older buildings, and mainly comprises smaller suites above active ground floor uses. There is generally a lack of modern office premises in town centres in Shropshire.

7.62 Outside of the town centres, office premises located on business parks are generally more modern and better quality than those in the town centres. The office space available at these out

of town business parks tends to be of a larger size, and commands higher rents than the town centre office premises.

### Rents and Yields

7.63

We are aware that prime office rents in the study area are generally achieved in Shrewsbury and are in the region of £12.00 per sq. ft. This level of rent has been achieved at Shrewsbury Business Park, however we are aware that there has been no growth in prime rents at this location in recent years. The following table includes details of recent office rental transactions that have taken place within the study area:

Table 7.4 Summary of Recent Office Lettings in Shropshire

Date	Address	Town	Area (sq. ft)	Rent (per sq. ft)	Rent Type
Jun-20	Suite D, Global House, Shrewsbury Business Park	Shrewsbury	1,300	£9.96	Asking
May-20	Marstons Mill, Portcullis Lane	Ludlow	3588		
Mar-20	Suite D, Haughmond View, Shrewsbury Business Park	Shrewsbury	1,500	£9.33	Asking
Mar-20	Suite 1, 4 The Creative Quarter, Shrewsbury Business Park	Shrewsbury	1,250	£9.20	Asking
Mar-20	Knights Court, Battlefield Enterprise Park	Shrewsbury	1,627	£9.99	Asking
Feb-20	59 Lythwood Rd	Shrewsbury	2,071	£8.50	Asking
Jan-20	Suite B, Global House, Shrewsbury Business Park	Shrewsbury	1,300	£9.96	Asking
Jan-20	Unit 5, Yeomanry Rd, Battlefield Enterprise Park	Shrewsbury	1,474	£9.46	Asking
Jan-20	Ashwood House, The Professional Quarter, Shrewsbury Business Park	Shrewsbury	1,048	£11.40	Effective
Jan-20	First Floor, Foresters Hall	Shrewsbury	1,589	£5.66	Asking
Dec-19	Vincent House, Shrewsbury Business Park	Shrewsbury	2,000	£10.50	Asking
Dec-19	New Zealand House, Abbey Foregate	Shrewsbury	5,452	£8.25	Asking
Oct-19	Suite C, Hermes House, Oxon Business Park	Shrewsbury	2,000	£10.50	Asking
Apr-19	Beech House, Shrewsbury Business Park	Shrewsbury	3,557	£13.00	Asking
Feb-19	Jacobs House, Shrewsbury Business Park	Shrewsbury	6,624	£11.32	Asking
Feb-19	5-7 Willow St	Oswestry	1850	?	?
Jun-18	The Willow Tree, Willow Street	Oswestry	1091	£7.15	Effective

Source: JLL (2020)

7.64

We can see from the above evidence that asking rents for good quality office space in Shrewsbury are in the region of £9.00 - £13.00 per sq. ft. Overall, the asking rents in the study area vary from £5.66 to £13.00 per sq. ft. This level of rents was confirmed anecdotally by local agents during our consultations albeit it was stated that despite the quoting rent of £13.00 - £14.00 per sq. ft at Shrewsbury Business Park, achieved rents are in the region of £12.00 per sq. ft.

### Yields

7.65

To inform our assessment, JLL has had regard to the following office investment transactions. Due to the lack of evidence available within the study area, JLL has included evidence from Telford and Wrekin to inform the range of yields achieved:

Table 7.5 Schedule of Recent Office Investment Transactions

Date	Address	Price	Net Initial Yield [NIY]	Capital Value [CV] psf	Tenants	Average Weighted Unexpired Lease Term [AWULT]	Area/sq. ft	Rents (£pa)
Dec-19	39 Abbey Foregate	Asking £550,000	Asking c 5.60%		Multiple	Unknown	4493	£30,780
Oct-19	Telford Plaza, Ironmasters Way, Telford	£20,700,000	7.55%	£127.70	7 Tenants (87.9% 5A1 covenants, of which 66.4% is government income)	5.2 years to expiry, 3.8 years to break	162,102	£1,667,384
Mar-19	3-4 Clayton Way, Darwin Court, Oxon Business Park	£415,000	7.30%		Andrews, Orme and Hinton Chartered Accountants	Unknown	2,607	Unknown
Apr-18	Princess House, The Square, Shrewsbury	£12,400,000	6.44%	£203.59	Shropshire Community Health NHS Trust; Ministry of Defence	7.03 years to expiry	60,908	£844,100
Mar-18	The Foundry, Euston Way, Telford	£1,917,500	8.34%	£120.89	Martin Kaye LLP	6 years to break and 10 years to expiry	15,861	£170,506

Source: JLL (2020)

7.66 The investment transactions above show a range of yields from 6.44% to 8.34%. The shortage of transactional evidence available for investment transactions reinforces the view of consultees that there is a strong preference for owner occupation rather than investment purchases in the Shropshire market.

### Supply and Availability

7.67 To assess the supply of office space available within the study area, we have had regard to the quantum of existing office floorspace that is currently available either to let, or for sale for owner occupation. This has been collected from commercial property agent's websites and may not be an exhaustive list, albeit it provides an overview of the types of space and properties available. Details of available office space within the study area is included in Table 7.6.

Table 7.6 Schedule of Office Space within the Shropshire Council Area

Property Address	Town	Available Space (sq. ft)	Quoting Rent (per sq. ft)
Old Grammar School House, School Gardens	Shrewsbury	169	£10.36
Flexspace, Battlefield Enterprise Park	Shrewsbury	3,440	Not Disclosed
Delta & Vichy House, 264 Monkmoor Road	Shrewsbury	2,002	£7.42
Leaton Forest Offices, Home Farm, Leaton Knolls	Shrewsbury	340	£9.55
London House, Town Walls	Shrewsbury	360	£9.72
35-35A Castle St	Shrewsbury	472	Not Disclosed
59 Lythwood Rd	Shrewsbury	604	£10.76
Units 1-6 Bicton Business Park, Isle Ln	Shrewsbury	660	£12.88
77 Wyle Cop	Shrewsbury	718	£11.61 - 27.45
Darwin Court, Oxon Business Park	Shrewsbury	853	Not Disclosed
2-3 Wyle Cop	Shrewsbury	870	£7.47
22 Beeches Lane	Shrewsbury	1,015	£9.85
8A College HI	Shrewsbury	1,056	£4.08
Princess House, The Square	Shrewsbury	6,955	Not Disclosed
Nexus, Roushill	Shrewsbury	1,315	£11.41
Mutual House, Shrewsbury Business Park	Shrewsbury	1,397	£11.09
18A Pride HI	Shrewsbury	1,404	£5.65
Mercury House, Shrewsbury Business Park	Shrewsbury	1,446	£12.00 - 20.74
High Street Chambers, 10-11 High St	Shrewsbury	1,647	£9.59 - 36.76
Westgate House, Hills Ln	Shrewsbury	2,948	£7.53
Talbot House, 11-15 Market St	Shrewsbury	1,904	£21.01
Mercian House, Oxon Business Park	Shrewsbury	2,511	£11.35
Flexspace, Battlefield Enterprise Park	Shrewsbury	2,835	Not Disclosed
New Zealand House, 160-162 Abbey Foregate	Shrewsbury	3,350	£8.00
Jupiter House, Shrewsbury Business Park	Shrewsbury	7,869	£10.99 - 12.00
Whitehall, Monkmoor Rd	Shrewsbury	35,902	£2.01 - 6.01
Communications House, Harlescott Ln	Shrewsbury	74,574	£4.00
Nexus, Roushill	Shrewsbury	1,315	For Sale £220,000
Units 1-3 Faraday Business Park	Bridgnorth	1,184	£7.60
Highbury House, 9 Great Hales Street	Market Drayton	696	For Sale £200,000
Corbet Arms, High St	Market Drayton	735	£16.33
Units 2-3, Betton Mill	Market Drayton	835	£8.98
13 Salop Road	Oswestry	2,238	Not Disclosed
The Willow Tree, Willow Street	Oswestry	1,718	Not Disclosed
5-7 Willow Street	Oswestry	1,850	Not Disclosed
<b>Total</b>		<b>169,187</b>	

Source: JLL 2020

- 7.68 The available space shown in Table 7.6 above shows a range of office premises available. The available spaces range in size from 169 sq. ft to 75,574 sq. ft. Of the available accommodation listed above, a total of 94.53% of the available area is located in Shrewsbury, 3.43% in Oswestry, 1.34% in Market Drayton and 0.70% in Bridgnorth.
- 7.69 From our consultation exercise, we are aware that the strongest demand and quantum office premises lies in Shrewsbury.
- 7.70 Demand for offices in the study area is largely driven by local companies, or regional and national companies looking for a smaller footprint as a satellite office. Occupiers looking for a smaller office footprint tend to want to be located closer to the town centre as a result of the range of amenities on offer. Larger occupiers tend to be located on the out of town business parks, potentially due to the lack of high quality, larger office space in the town centre.



- 7.71 The largest multi property office development near to the town centre is located at Abbey Lawn, Abbey Foregate which was developed by Morris Properties. We are aware from our consultations with local agents and developers that demand for office space at this scheme has been very high due to the lack of good quality stock in the town centre.
- 7.72 Office occupiers located in Shrewsbury include Severn Trent Water, Shropshire Council, Whittingham Riddell Chartered Accountants, Jacobs, NFU Mutual, Brewin Dolphin, Balfours LLP, Croud and Carter Jonas.
- 7.73 From our consultation with agents, we are aware that any new high-quality office space in the town centre would likely be in demand, however there is not a high enough demand to accommodate new office development of a significant scale.
- 7.74 There is still approximately 5.8 acres of land available for future development at Shrewsbury Business Park. This land has now been on the market for some time with limited interest, highlighting that demand for office space at a larger scale is perhaps limited at this location.
- 7.75 There is not considered to be sufficient demand in the market towns to justify any new office development of a significant size.

## Enquiries

- 7.76 To inform our research, JLL has been provided with information from Shropshire Council with regards to recent investments in the property market. Between 2018 and 2019 we are aware that there were 6 business investors in Shropshire. Of these investments four were for the expansion of existing premises/site. One of these investments involved the creation of a new site or activity. The final investment was an acquisition. Of the investments during 2018-2019, five were in the Food and Drink sector (4 manufacturing and 1 sales), and one in the services sector, more specifically Electronics and IT Hardware.
- 7.77 A summary of known requirements for commercial property in the Shropshire market is detailed in Table 7.7.

Table 7.7 Schedule of Shropshire Investments and Requirements

Foreign Direct Investment [FDI] / UK / Shropshire	Location	Sector	Capital Expenditure [Cap Ex] investment	Requirement (sq. ft)	New Jobs
Shropshire	Broseley	Agri-tech / medical	£7,500,000	55,000	45
Shropshire	Wem & Shawbury	Environmental / Food Manufacturing	£18,000,000		50 - tbc
Shropshire	Shrewsbury (mid-way Oswestry & Telford)	Manufacturing (off-site)		50,000	0
Foreign Direct Investment	Oswestry, currently in Ellesmere	Agri-tech (support dairy industry)	£9,000,000	80,000	
Foreign Direct Investment	North Shrewsbury	Advanced Manufacturing	£2,500,000	-	4
Foreign Direct Investment	North Shrewsbury	Advanced Manufacturing	£4,000,000	tbc	
Foreign Direct Investment	Shifnal, currently Bridgnorth	Advanced Manufacturing	£20,000,000	75 acre requirement	200
Shropshire / Midlands	Cosford - J3	Health / Charity		15 acre requirement	
Foreign Direct Investment	North Shrewsbury	Life Sciences			4
Foreign Direct Investment	Oswestry	Agri-tech		30,000	

Foreign Direct Investment [FDI] / UK / Shropshire	Location	Sector	Capital Expenditure [Cap Ex] investment	Requirement (sq. ft)	New Jobs
Foreign Direct Investment		Agri-tech	£500,000		5
Foreign Direct Investment		Food processing	£9,000,000	20 acre requirement	100
Foreign Direct Investment		Food processing			
Shropshire		Retail / Design / Brand			

Source: JLL / Shropshire Council 2020

7.78 The requirements detailed above reinforce Shropshire's prominence in the Agri-tech, Food and Manufacturing sectors.

## Summary and Conclusions

7.79 The Shropshire market is made up of a range of occupiers and different types of employment uses, serving a variety of requirements. It is clear from our research that for industrial premises, demand has historically been generated by the food, agri-tech and manufacturing sectors.

7.80 Employment development within the Shropshire Council area is concentrated around Shrewsbury, however there are still some established employment developments in the smaller market towns, particularly where there is a key, large occupier, such as Muller, as this often creates a clustering effect.

7.81 The demand for industrial and logistics premises is generally higher in areas with good connections to the A5 and M54 beyond. Outside of the Shropshire Council boundary, Telford's connections to the M54 motorway and established employment sites means that demand for industrial premises in this location has historically been higher than that seen in the Shropshire Council area. This is evidenced by the amount of speculative development taking place. There is a risk that competing schemes outside of the Shropshire Council boundary, such as i54 are absorbing demand that cannot be catered for within the Shropshire market.

7.82 Demand for industrial space still exists in Shrewsbury albeit this tends to be for a smaller footprint. This may however be a direct result of the shortage of available, modern 'mid-box' premises. In the smaller market towns, demand for industrial premises is either triggered by key larger occupiers such as Muller and Grocontinental who often create a clustering effect, or by local manufacturing companies.

7.83 As well as the demand from the food/agricultural and manufacturing sectors, we are also aware that historically there has been some demand for small distribution premises within the study area to act as a 'relay station'. The lack of speculative development available has meant that many of these occupiers have been lost to competing markets, with speculative developments available as a result of the short lead in time of the requirement.

7.84 Office development within the study area is concentrated around Shrewsbury, with there being office premises available both within the town centre and on established business parks. In Shrewsbury town centre, the available office space is generally of a smaller scale. We are aware from our consultation exercise that there is demand for small scale, good quality office space within the town centre, however there is currently a shortage of good quality stock available. In the smaller market towns, office premises are largely concentrated in the town centres, with there being some office space also located on established industrial parks. Demand in the smaller market towns is largely driven by local companies, with the level of demand being low.

7.85 Generally, there is seen to be limited demand for office development of any significant scale. Due to high construction costs and the levels of rent achieved in the study area, there are issues with the viability of office development, which is why there has been no speculative office development in recent years.

7.86 There is a shortage of employment land available for development in the short to medium term, with those consulted stating that employment land has often been lost to residential development. The current growth seen in e-commerce, combined with increased 'on-shoring' has driven demand in the industrial and logistics market across 2020. This growth in demand represents an excellent opportunity for Shropshire; however, the lack of land available for employment development in the short to medium term may lead to Shropshire being unable to capitalise on this opportunity, and as a result lead to a further loss of potential occupiers to competing areas.

## 8.0 Future Employment Land Requirements

### Introduction

- 8.1 This section considers the quantitative future economic growth needs in Shropshire. A number of different growth scenarios are considered to test the likely need for employment land generated over the plan period 2016 to 2038. These scenarios consider the need for office and industrial (i.e. manufacturing and warehousing) floorspace.
- 8.2 As well as considering the baseline forecast growth using Experian’s Covid-19 adjusted June 2020 econometric projections, the scenarios take into account past delivery of employment space, the potential labour supply generated by housing growth scenarios (including the Government’s current Standard Methodology approach to calculating housing need), and aspirational regeneration-led growth.
- 8.3 The forecast demand scenarios are based on a quantitative requirement and do not take into account qualitative factors that may influence the actual requirement. For example, the assessment has not considered the quality of Shropshire’s existing employment space, nor has it consulted with commercial property agents to test market demand. The aspirational ‘policy on’ growth scenario has, however, involved consultation with key economic development stakeholders, and aligned with the latest Marches LEP’s Strategic Economic Plan for the area.

### Methodology

- 8.4 The Government’s Planning Practice Guidance advises on how to calculate future employment land requirements. The Guidance<sup>63</sup> sets out that strategic policy making authorities will need to: “develop an idea of future needs based on a range of data which is current and robust, such as:
- sectoral and employment forecasts and projections which take account of likely changes in skills needed (labour demand).
  - demographically derived assessments of current and future local labour supply (labour supply techniques).
  - analysis based on the past take-up of employment land and property and/or future property market requirements.
  - consultation with relevant organisations, studies of business trends, an understanding of innovative and changing business models, particularly those which make use of online platforms to respond to consumer demand and monitoring of business, economic and employment statistics.
  - Authorities will need to take account of longer-term economic cycles in assessing this data and consider and plan for the implications of alternative economic scenarios.”
- 8.5 The forecast employment land scenarios covering the 22-year period from 2016 to 2038 are:
- 1 Baseline employment forecasts (**labour demand**), using Experian’s Local Market Quarterly Forecasts for June 2020 (comparing this with the pre-Covid March 2020 model run). As a sensitivity test to this, we have trended-forward **past jobs growth** experienced in Shropshire over the long term, from 1997-2016 and related this back to the Experian projection.

<sup>63</sup> MHCLG (February 2019) Planning Practice Guidance – 027 Reference ID: 2a-027-20190220

- 2 **Regeneration-led** econometric model, which factors in the economic aspirations set out in the Marches LEP's SEP (2019); and key infrastructure projects.
- 3 Estimated growth in the **local labour supply** and the jobs and employment space that this could be expected to support. This is based upon the Government's standard methodology for calculating housing need.
- 4 consideration of **past trends in completions of employment space** based on monitoring data collected by the Council, and how these trends might change in the future.

8.6 All of these approaches have limitations and consideration needs to be given as to how appropriate each is to the circumstances in Shropshire. Furthermore, to be robust, the economic growth potential and likely demand for employment space in Shropshire needs to be assessed under a variety of future scenarios, to reflect both lower and higher growth conditions that could arise in the future.

8.7 It should be noted that the final decision as to the level of need for which the Council should plan for is not purely quantitative as there are qualitative factors that should be considered alongside the modelled scenarios set out in this section. These qualitative aspects are discussed in other sections of this EDNA.

8.8 The ultimate judgement regarding the level of employment need that Shropshire Council should plan for is not, therefore, simply shaped by a consideration of quantitative analysis. A range of qualitative factors should be taken into account, that would typically consider the quality and demand for existing premises, the spatial distribution of supply and demand for premises, and insights from commercial property agents and local businesses.

## Growth Scenarios

### A. Econometric Job Forecasting

#### Scenario 1) Experian Economic Forecasts (June 2020)

8.9 Experian econometric job forecasts were obtained by Lichfields to underpin this analysis. It should be emphasised that such forecasts tend to be most reliable at regional and national scales and consequently less so at the local economy level. Nevertheless, they provide a valuable input in respect of understanding future land needs by indicating the broad scale and direction of economic growth in different sectors.

8.10 Experian's model takes account of the existing economic structure of each Local Authority (broken down by economic sector) and the historical relationship between the regional performance of an industry and the performance observed at the Local Authority level. The forecasts of job growth by sector used here reflect recent trends and economic growth projections at national and regional level, and how economic sectors in Shropshire have fared relative to the West Midlands' growth in the past. The forecasts reflect the current post-Brexit economic climate. They are not constrained by either labour supply or land availability.

8.11 Before presenting the job growth outcomes from the scenarios it is worth highlighting in broad terms, limitations in how these were generated:

- 1 They are predominantly trend-based estimates projecting historic growth patterns into the future.
- 2 For the latest June 2020 projections, the population data that underpins the modelling comprises the ONS 2016 mid-year estimates [MYE] for 1997-2016 and the 2016-based sub-national population projections [SNPP].

- 3 The forecasts do not take into account policy influences and unforeseen impacts of individual business decisions.
- 4 There is not always a clear-cut relationship between employment change and employment land needs. Additional employment space may be required even if employment itself is falling; for example, if a manufacturing firm requires more space to enable greater automation and achieve job reductions through productivity gains.

8.12 Local area forecasts released by Experian in June 2020 provide an up-to-date view on the impact of Covid-19 for Shropshire. Though viewed as a temporary shock, the forecasts imply a significant impact on all sectors of the economy and all parts of the area. As discussed in detail in Section 3.0, the forecasts are based on the assumption that the recovery will follow a delayed-V shape, with a substantial drop in output in Q2 2020 as economic activity was highly restricted due to lockdown measures to contain the virus. The virus in the UK is assumed to be brought under control after five months with the economy bouncing back in the second half of the year.

8.13 Over the longer term for Shropshire, the June 2020 Experian baseline workforce employment projections reported a period of sustained employment growth since the depths of the last recession from 2009 and 2019 (see Figure 8.1). There was an increase of 18,300 workforce jobs over this period, at a Compound Annual Growth Rate [CAGR] of 1.27%. This rate of growth is higher than the regional rate of growth (1.19% CAGR) but slightly lower than the national level (1.29% CAGR). Whilst the March 2020 forecast did not predict the Covid-19 downturn, we can see from the Table and Figure 1.1 that by the end of the forecasting period, both projections end up at broadly the same level of employment growth, with the June 2020 projection indicating a strong recovery post 2021.

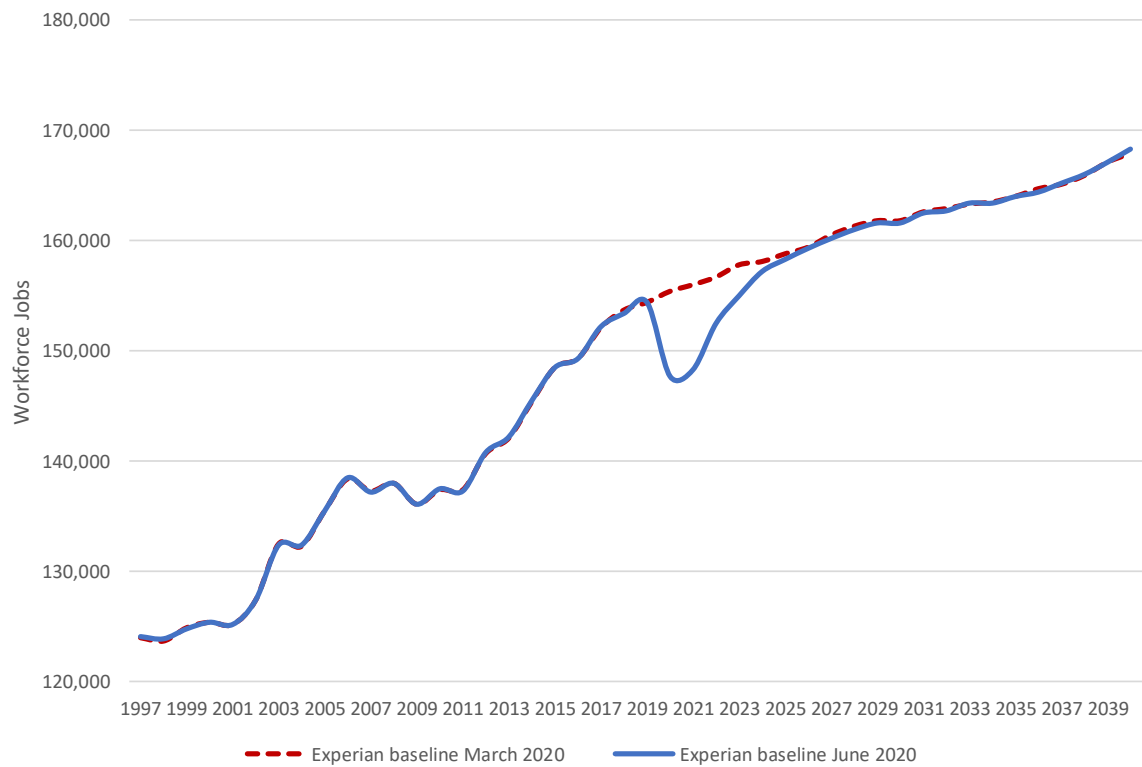
Table 8.1 Workforce Jobs Growth for Shropshire and comparator areas

	1997-2016		2009-2019		2016-2038	
	Net Jobs Growth	CAGR	Net Jobs Growth	CAGR	Net Jobs Growth	CAGR
<b>Shropshire Experian June 2020 Projections</b>	<b>25,200</b>	<b>0.98%</b>	<b>18,300</b>	<b>1.27%</b>	<b>16,700</b>	<b>0.48%</b>
Shropshire Experian March 2020 Projections	25,300	0.98%	18,300	1.27%	16,600	0.48%
West Midlands Experian June 2020 Projections	283,090	0.55%	330,030	1.19%	366,740	0.55%
England & Wales Experian June 2020 Projections	5,362,110	1.01%	3,841,950	1.29%	4,289,940	0.59%

Source: Experian UK Macro Economic Forecasts June 2020 / March 2020

8.14 Moving forward, in 2019 the number of workforce jobs hit a high of 154,400 in Shropshire. Following the sharp dip due to the Covid-19 pandemic and (potentially) the uncertainty surrounding a new Brexit deal with the EU, the loss of 6,700 workforce jobs is overcome by 2023 after which time growth is reasonably strong to 2038. This results in an overall growth of 16,700 jobs between 2016 and 2038. This equates to a CAGR of 0.48% annually – a significant fall from the 0.98% stretching back to 1997-2016. In comparison, the West Midlands and England & Wales as a whole are projected to experience job growth of 0.55% and 0.59% per annum respectively over the same 22-year time period to 2038.

Figure 8.1 Change in Total Workforce Jobs in Shropshire (historic and projected) 1997 to 2040



Source: Experian UK Macro Economic Forecasts March 2020 / June 2020

8.15

Table 8.2 summarises those sectors expected to experience the largest absolute increases or decreases in employment for Shropshire over the Plan period.

Table 8.2 Fastest growing and declining sectors in Shropshire (2016 to 2038)

Sector	Use Class	Job Change (2016 to 2038)	Shropshire % Growth 2016-38	WM % Growth 2016-38	E&W % Growth 2016-38
Professional Services	PURPLE	+3,400	+32.7%	+19.8%	+24.7%
Residential Care & Social Work	RED	+3,000	+31.3%	+39.8%	+41.1%
Specialised Construction Activities	ORANGE	+3,000	+53.6%	+37.8%	+11.9%
Health	RED	+2,900	+24.0%	+29.3%	+31.4%
Real Estate	PURPLE	+2,200	+91.7%	+83.1%	+34.7%
Construction of Buildings	ORANGE	+1,500	+35.7%	+24.3%	+12.0%
Recreation	RED	-400	-8.9%	-11.7%	+14.4%
Wood & Paper Manufacture	PURPLE	-400	-33.3%	-30.3%	-32.9%
Food, Drink and Tobacco Manufacture	PURPLE	-1,000	-21.7%	-11.4%	-6.8%
Retail	RED	-1,100	-7.8%	-0.8%	-0.8%

Source: Experian (June 2020) / Lichfields – Note, only the fastest growing/declining sectors for Shropshire are included in the table. Key: PURPLE = Office/industrial sector ORANGE = Part office/industrial sector RED = Non-office/industrial sector

- 8.16 The analysis shows that with a couple of very notable exceptions, those sectors forecast by Experian to experience the greatest employment growth to 2038 are not likely to generate a significant requirement for additional office/industrial employment space (particularly Residential Care & Social Work and Health). The exceptions are Professional Services and Real Estate, which are one of the few industrial employment sectors forecast to have a substantial increase in employment at +3,400 and +2,200 jobs respectively.
- 8.17 Conversely, many industrial employment sectors are forecast by Experian to decrease by 2038, with two manufacturing sub-sectors projected to lose 400 jobs or more over the next 20 years. Retail is projected to lose 1,100 jobs, whilst Food, Drink and Tobacco Manufacturing is projected to lose 1,000.
- 8.18 Overall, it is forecast that during the plan period 2016 to 2038 there is likely to be job growth of around 16,700, with around two thirds (+10,109) relating to non-office/industrial jobs as shown in Table 8.1. Industrial-related employment occupying industrial floorspace is forecast to lose 466 jobs over the period to 2038. The warehouse and distribution sector is forecast to remain largely neutral with just 10 net jobs growth, alongside very strong growth of 6,664 office jobs. The growth of industrial jobs is split, with strong growth projected for light industrial jobs (+2,750), with a diametric decline of 2,833 B2 General industrial jobs. These forecasts suggest that the structure of employment in Shropshire, which is already heavily reliant on office and non-B-Class jobs, may be consolidated moving forward.
- 8.19 The analysis includes an allowance for jobs in other sectors that typically utilise industrial or office space, such as some construction uses, vehicle repair, courier services, road transport and cargo handling and some public administration activities. This is because a certain proportion of these jobs will occupy premises falling within the office/industrial sectors.

Table 8.3 Forecast workforce change in Shropshire 2016-2038

Use class	Shropshire Workforce Jobs		Change
	2016	2038	2016-38
E(g)(i)/(ii) Office / R&D*	21,523	28,187	+6,664
E(g)(iii) Light Industrial**	6,212	8,962	+2,750
B2 General Industrial***	14,402	11,570	-2,833
B8 Warehousing****	11,337	11,347	+10
<b>Total Office / Industrial / Distribution Jobs</b>	<b>53,474</b>	<b>60,066</b>	<b>+6,591</b>
Other Jobs	95,826	105,934	+10,109
<b>Jobs in All Sectors</b>	<b>149,300</b>	<b>166,000</b>	<b>+16,700</b>

Source: Experian/ Lichfields Analysis June 2020.

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

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

\*\*\* includes manufacturing and some construction/utilities

\*\*\*\*includes elements of transport & communications sectors

- 8.20 In order to translate the resultant job forecasts into estimates of potential employment space it is necessary to allocate the level of employment change forecast for office, industrial, and wholesale / distribution uses as follows:

- 1 The office floorspace requirement is related to job growth / decline in the financial and business service sectors<sup>64</sup>;

<sup>64</sup> i.e. BRES Sectors 58-75, Office administration and support and a proportion of Public Administration and Defence



- 2 The industrial floorspace requirement is related to job growth / decline in the manufacturing sectors, with the light industrial sector including a greater proportion of vehicle repair and construction, with general industrial including a greater share of manufacturing and utilities<sup>65</sup>; and,
- 3 The wholesale / distribution floorspace requirement is related to job growth / decline in the industrial sectors of wholesale and land transport, storage and postal services.<sup>66</sup>

8.21 We have translated the resulting figures into employment land projections using standard employment densities that have been applied to the forecast job change figures (based upon the latest HCA<sup>67</sup> Guidance on employment densities). These translate FTEs into workforce jobs, and plot ratios by use class.

8.22 For the purposes of this EDNA it has been assumed that:

- 1 One general office workforce job requires 12.5 sqm of employment floorspace (Gross External Area [GEA])<sup>68</sup> ;
- 2 One light industrial job requires 54 sqm of employment floorspace (GEA);
- 3 One general industrial workforce job requires 36 sqm of employment floorspace (GEA); and,
- 4 One job per 64.5 sqm for general, small scale warehouses (assumed to account for 50% of all requirements) and 1 job per 79 sqm for large scale, lower density warehouses<sup>69</sup> (assumed to account for the remaining 50% of all requirements) (GEA).

8.23 This 2015 HCA guidance takes account of recent trends in terms of the changing use of employment space, the main change being the more efficient utilisation of office space due to increased flexible working and hot-desking. This has resulted in a decrease in the amount of floorspace per office worker compared to the previous 2010 HCA guidance.

8.24 It is accepted that the current Covid-19 pandemic has dramatically altered working patterns, with the number of people working from home rising exponentially since the lockdown began in March 2020. UK-wide, 38.8% of people in employment are currently working remotely instead of their usual place of work – down from 41.7% a little over a month earlier (15<sup>th</sup> June to 28<sup>th</sup> June 2020)<sup>70</sup>. Whilst there are signs that many are returning to work since primary and secondary schools re-opened in March 2021 (third wave notwithstanding), many commentators are suggesting that there will be a permanent shift towards home working and the greater flexibility this affords people, with the need for office space in particular falling significantly.

8.25 Whilst in our view it is quite likely that there will be some long-term shift in working patterns as a result of the pandemic, at the time of writing it is still far too soon to say what the scale of that change on home working is likely to be. Until robust data is available later this year we therefore propose to retain the aforementioned job densities, particularly as the HCA work already factors in an element of home working / hot desking into the calculations.

8.26 An adjustment has also been made to reflect the fact that a proportion of floorspace will be vacant at any one time. Commercial and Industrial Property Research published by the

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<sup>65</sup> Manufacturing sectors, plus car repair, some construction and waste and remediation activities.

<sup>66</sup> Wholesaling less car repairs retail car sales, plus post/couriers and land transport

<sup>67</sup> HCA (November 2015): *Employment Densities Guide, 3<sup>rd</sup> Edition*

<sup>68</sup> To convert Net Internal Area [NIA] into Gross Internal Area [GIA], the factors indicated in the HCA guidance are used i.e. 15-20% for offices and 5% for industrial and warehouse premises. Similarly, 15-20% is assumed for retail and leisure uses. GIA is then converted to Gross External Area [GEA] by adding a further 5% to reflect the area of external walls etc.

<sup>69</sup> Taking the average of the Regional and National Distribution centre densities as set out in HCA's Employment Density Matrix and adjusted from FTEs to Jobs.

<sup>70</sup> Source: Final results, Wave 8 of the Office for National Statistics' (ONS') Business Impact of Coronavirus (COVID-19) Survey (BICS). (n = 5,527).

Valuation Office Agency [VOA] in 2005 indicates that for 2004/05, estimated vacancy rates for employment land totalled 11% for the West Midlands; 9% for England; and just 6% for the 6 former Shropshire districts. Although these vacancy rates are 15 years old now, they still represent the most recent industrial vacancy rates produced by VOA which are consistent for all districts across the country. Indeed, for the 7 years over which data is available, the rate never exceeded 7.0% and averaged 6.5% between 1998/1999 and 2004/05.

- 8.27 Based on this data, it is reasonable to suggest that a return towards the lower end of the typical 8-10% 'ideal' vacancy rate for Shropshire represents a robust benchmark for an appropriate level of available floorspace going forward. This reflects the longer-term equilibrium before the recession (both locally and nationally) and the historically very low rate of vacancy experienced in Shropshire.
- 8.28 Where a reduction in jobs is forecast (e.g. manufacturing), the associated negative floorspace was halved (in line with common methodological practice amongst EDNAs undertaken elsewhere across the country), to reflect the fact that job decline at a particular company does not automatically translate into a comparable loss of floorspace, at least not in the short-medium term, due in part to companies being locked into leasing agreements etc.
- 8.29 The resultant floorspace estimates are provided in Table 8.4. They indicate an overall net gain of office/industrial floorspace in Shropshire of 200,903 sqm between 2016 and 2038. This is predominantly driven by an increased demand for office and light industrial floorspace, despite a fall in demand for general industrial floorspace.

Table 8.4 Experian workforce job growth net employment floorspace requirements 2016-2038

Use class	Shropshire floorspace (sqm)
E(g)(i)/(ii) Office / R&D	89,970
E(g)(iii) Light Industrial	160,366
B2 General Industrial	-50,986
B8 Warehousing	743
<b>Total Office / Industrial / Distribution</b>	<b>200,093</b>

Source: Experian June 2020 / Lichfields Analysis

### Sensitivity Test: Past Trends Job Growth

- 8.30 This sensitivity test for the Experian baseline uses a forward trend for past jobs growth in Shropshire over the long term and projects the CAGR over the Plan period from 2016-2038.
- 8.31 As set out above, Shropshire's economy has experienced strong growth levels over the past 20 years or so, with the understandable blip in the immediate aftermath of the recession in 2009/10-2010/11. Over that period (1997-2016), the overall growth in workforce jobs was 25,200, at a CAGR of 0.978% annually (rounded to 0.98% see Table 8.1).
- 8.32 Applying this annual growth rate from 2016 equates to a net jobs growth of 35,637 to 2038. Assuming the same sectoral representation for each industry in 2038 as the Experian baseline, constrained to the aforementioned overall net jobs growth figures, would result in a very strong office/industrial jobs growth of 13,444 to 2038 as summarised in Table 8.5.

Table 8.5 Forecast workforce jobs change in Shropshire 2016-2038 – Past Trends

Use class	Shropshire Workforce Jobs		Change
	2016	2038	2016-38
E(g)(i)/(ii) Office / R&D	21,523	31,403	+9,880
E(g)(iii) Light Industrial	6,212	9,984	+3,772
B2 General Industrial	14,402	12,890	-1,513
B8 Warehousing	11,337	12,641	+1,304
<b>Total Office / Industrial / Distribution Jobs</b>	<b>53,474</b>	<b>66,918</b>	<b>+13,444</b>
Other Jobs	95,826	118,020	+22,194
<b>Jobs in All Sectors</b>	<b>149,300</b>	<b>184,937</b>	<b>+35,637</b>

Source: Experian June 2020 / Lichfields Analysis

8.33 The resultant floorspace estimates are provided in Table 8.6. They indicate a very significant overall net gain in office/industrial floorspace in Shropshire of around 427,194 sqm between 2016 and 2038. Overall, the employment floorspace need is driven by a strong past growth in light industrial jobs and to a lesser extent, office and logistics.

8.34 Whilst the overall net job growth of over 35,600 (which is more than double the scale of growth that Experian is now projecting) looks unrealistic, it nevertheless provides some justification to move towards a regeneration, or ‘Policy-On’ scenario on the grounds that pursuing the unadjusted baseline projection alone risks an unduly pessimistic economic future for Shropshire.

Table 8.6 Past Trends workforce job growth net employment floorspace requirements 2016-2038

Use class	2016-2038 (sqm)
E(g)(i)/(ii) Office / R&D	133,381
E(g)(iii) Light Industrial	219,989
B2 General Industrial	-27,227
B8 Warehousing	101,052
<b>Total Office / Industrial / Distribution</b>	<b>427,194</b>

Source: Experian June 2020 / Lichfields Analysis

## Scenario 2) Regeneration

8.35 An alternative job-based estimate of future needs was previously compiled which was termed the Regeneration, or ‘Policy-On’, scenario. This was based upon a review of key growth drivers in the region. As set out in Section 2.0 of this EDNA, Shropshire is part of The Marches Local Economic Partnership (LEP).

8.36 The Marches Strategic Economic Plan [SEP] (2019) sets out the vision and key objectives for the LEP over the period to 2038. The Strategic Economic Plan [SEP] seeks to drive forward the three local economies within the area to deliver 5,200 new businesses and over 58,000 new jobs. Following discussion with Shropshire Council Officers, we have refined the SEP’s analysis down to four sectors with the future growth potential to drive forward Shropshire’s economic profile comprising:

- Advanced manufacturing including engineering, agri-food and agri-tech;
- Food and drink processing;

- Health and social care; and
- Environmental science and technologies.

8.37 As the largest local authority partner in the LEP, Shropshire will help to drive forward this growth within the LEP partnership. Lichfields has assessed the detailed classifications used in the Experian workforce projections to test whether there are any concrete policy justifications for modifying any of the categories in the light of these growth sector targets. The Shropshire Council’s Economic Development Officer’s knowledge of current opportunities/threats in the County over the coming years were also factored into the analysis.

8.38 As there is considerable overlap with some of the sectors and the standard industrial classifications used by Experian, it was assumed that the 4 key growth sectors would broadly align with the Experian Industrial Classifications as set out in Table 8.7. The Shropshire growth rate 2016-38 has been compared with the comparable West Midlands/England and Wales growth rates for that sector over the same time period, and the highest rate has been applied to derive a ‘Policy On’ jobs growth target for these key growth sectors only.

Table 8.7 Comparison between SEP Target Growth Sectors and SIC2 sectors

Marches SEP Target Growth Sectors for Shropshire	Approximate Comparable Standard Industrial Classifications (Baseline June 2020 Experian Shropshire / WM and E&W growth rates for 2016--38 in brackets)
Advanced Manufacturing including Engineering, Agri-food and Agri-tech	Key Growth sector for Shropshire <b>Manufacture of Computer &amp; Electronic Products:</b> <ul style="list-style-type: none"> <li>• Shropshire: -33.3%; WM: -25.6%; E&amp;W: -15.7%. Highest: <b>-15.7%</b></li> </ul> <b>Manufacture of Machinery &amp; Equipment:</b> <ul style="list-style-type: none"> <li>• Shropshire: -28.6%; WM: -15.4%; E&amp;W: -18.5%. Highest: <b>-15.4%</b></li> </ul> <b>Manufacture of Transport Equipment:</b> <ul style="list-style-type: none"> <li>• Shropshire: -10.0%; WM: -1.2%; E&amp;W: -7.4%. Highest: <b>-1.2%</b></li> </ul> <b>Manufacture of Chemicals:</b> <ul style="list-style-type: none"> <li>• Shropshire: 0.0%; WM: +27.0%; E&amp;W: -2.7%. Highest: <b>+27.0%</b></li> </ul> <b>Civil Engineering:</b> <ul style="list-style-type: none"> <li>• Shropshire: +38.5%; WM: +31.3%; E&amp;W: +9.0%. Highest: <b>+38.5%</b></li> </ul>
Environmental Science & Technologies	<b>Manufacture of Pharmaceutical Products:</b> <ul style="list-style-type: none"> <li>• Shropshire: 0%; WM: +194.0%; E&amp;W: +30.4%. Highest: <b>+194.0%</b></li> </ul> <b>Utilities</b> <ul style="list-style-type: none"> <li>• Shropshire: +7.1%; WM: +6.3%; E&amp;W: +22.3%. Highest: <b>+22.3%</b></li> </ul>
Health and Social Care	<b>Residential Care and Social Work:</b> <ul style="list-style-type: none"> <li>• Shropshire: +31.3%; WM: +39.8%; E&amp;W: +41.1%. Highest: <b>+41.1%</b></li> </ul> <b>Health:</b> <ul style="list-style-type: none"> <li>• Shropshire: +24.0%; WM: +29.3%; E&amp;W: +31.4%. Highest: <b>+31.4%</b></li> </ul>
Food and Drink Processing	<b>Manufacture of Food, Drink &amp; Tobacco</b> <ul style="list-style-type: none"> <li>• Shropshire: -21.7%; WM: -11.4%; E&amp;W: -6.8%. Highest: <b>-6.8%</b></li> </ul> <b>Agriculture, Forestry and Fishing</b> <ul style="list-style-type: none"> <li>• Shropshire: +11.4%; WM: -6.8%; E&amp;W: -2.1%. Highest: <b>+11.4%</b></li> </ul>

Source: Lichfields Analysis / Marches SEP

- 8.39 The adjustments to the Experian forecasts outlined above result in an **overall increase of 19,677 jobs to 2038** (2,977 higher than the baseline) and an increase in office/industrial jobs of 7,609 (1,018 higher than the baseline to 2038). Table 8.8 summarises the forecast job growth in the Regeneration Scenario which is more optimistic in terms of light industrial jobs growth. This is broadly the equivalent of Shropshire maintaining its proportionate position between the regional and national average rates.

Table 8.8 Regeneration workforce job change in Shropshire 2016-38

Use class	Shropshire Workforce Jobs		Change
	2016	2038	2016-38
E(g)(i)/(ii) Office / R&D	21,523	28,187	+6,664
E(g)(iii) Light Industrial	6,212	9,001	+2,789
B2 General Industrial	14,402	12,548	-1,854
B8 Warehousing	11,337	11,347	+10
<b>Total Office / Industrial / Distribution Jobs</b>	<b>53,474</b>	<b>61,083</b>	<b>+7,609</b>
Other Jobs	95,826	107,894	+12,069
<b>Jobs in All Sectors</b>	<b>149,300</b>	<b>168,977</b>	<b>+19,677</b>

Source: Experian / Lichfields' Analysis

- 8.40 These employment forecasts were then converted to floorspace requirements in the same manner as the Experian baseline forecast. The resulting forecasts are more optimistic in terms of light industrial floorspace growth and less pessimistic for general industrial floorspace decline. These are set out in Table 8.9.

Table 8.9 Regeneration jobs based (net) employment space requirements in Shropshire 2016-2038

Use Class	2016-2038 (sqm)
E(g)(i)/(ii) Office / R&D	89,970
E(g)(iii) Light Industrial	162,643
B2 General Industrial	-33,372
B8 Warehousing	743
<b>Total Office / Industrial / Distribution</b>	<b>219,985</b>

Source: Lichfields' Analysis

## B. Future Labour Supply

- 8.41 It is also important to take into account how many jobs (and hence how much employment space), would be necessary to broadly equate to the future objectively assessed need for housing across Shropshire. In contrast to the other approaches, this approach focuses on the future supply of labour rather than the demand for labour. This scenario indicates the amount of new jobs needed to match the future working-age population, and how much employment space would be needed to accommodate these jobs.
- 8.42 The number of economically active people (and therefore jobs) the 2014-based household projections is expected to generate can be calculated by applying projected economic activity rates (by sex and age) to the equivalent sub-national population projections [SNPP]. These population projections underpin the household projections which dictate the baseline number of

homes which need to be built in an authority area. This gives a 'baseline' number of jobs which will be supported by the 'baseline' number of homes under the Standard Method.

8.43

Additional homes are provided as part of the affordability uplift in the standard method. The impact on these additional homes on the number of jobs depends on whether these additional homes will:

- 1 Result in more people moving into the area (than the SNPP projects), in which case the additional homes will be expected to support additional jobs; or,
- 2 Induce additional household formation amongst people already living the authority area, in which case the additional homes will not support additional jobs (on top of the baseline projection) because the overall number of economically active people in the authority area is the same as the baseline, they just live in more households.

8.44

In reality, it cannot be accurately determined to what degree the additional homes (from the affordability uplift) will generate additional people (and therefore jobs) above the baseline SNPP. If every authority in the country met its standard method figure then – theoretically – we would expect there to be no 'additional' movement between authorities (over and above that already accounted for in the SNPP) because enough homes would be provided in every authority area to meet existing residents' needs. This means the impact of the uplift in one area will also be affected by the activities of neighbouring areas; if those areas provide sufficient homes to meet their needs (in line with the standard method) there is less likelihood that additional homes in the authority in question will generate in-migration (and more likely that additional homes will be filled by existing residents). If neighbouring areas fail to meet their housing needs, it becomes more likely that additional homes in the authority in question will be taken up by in-migrants searching for housing beyond the area they currently live in (thus generating population and job growth).

8.45

On this basis we have calculated an upper and lower range:

- **A 'baseline' number of jobs which is expected to be support by the SNPP.** This is the minimum number of jobs expected to be supported by the standard method; and
- **An 'uplift' number of jobs which calculates the number of jobs we expect to be supported under the standard method with the affordability uplift.** This equates to a Standard Methodology [SM] figure of **1,177 dpa**, or 25,894 dwellings over 22 years. This assumes the additional homes will 'inflate' the population of Shropshire on a proportional basis, reflecting the age/sex profile of the SNPP at the end of the plan period. This may over-estimate the number of jobs supported because (for the reasons set out above) these additional homes may be filled by existing residents; however, it could also under-estimate the number of jobs that the uplift could support because the profile of people who migrate is generally younger (and therefore more economically active) compared with the population as a whole.
- The Emerging Local Plan requirement of **1,400 dpa**, or 30,800 dwellings over 22 years as set out in emerging Policy SP2 of Shropshire Council's *Regulation 19: Pre-Submission Draft of the Shropshire Local Plan*. This sensitivity test should therefore be taken as a theoretical upper end of any range taken forward by Shropshire Council.

8.46

### Scenario 3) Baseline Labour Supply (2014-based SNPP), Scenario 4) Standard Methodology for Calculating LHN and Scenario 5) Emerging Local Plan requirement 1,400 dpa

8.47 Lichfields has undertaken high-level modelling to identify indicative labour supply scenarios for Shropshire Council, incorporating the following assumptions:

- 1 **Population change** over the Local Plan period 2016-2038, drawing on the ONS's 2014-based Sub-National Population Projections [SNPP] to align with the Government's standard methodology.
- 2 **Economic activity rates for 2019** and anticipated future changes in economic activity rates for males and females over the age of 16 years old (which includes economic activity across the over 65 age cohorts). These were estimated by using the ONS's Annual Population Survey data for each district and the 2018/2019 Mid-Year Population estimates [MYE], then projected forward using the growth rates published by the OBR in July 2018<sup>71</sup>.
- 3 An **unemployment rate** for 2016 (3.33%) taken from the ONS Annual Population Survey [APS] Model-based Unemployment rate for that year. We have then made an assumption that by 2038 there will have been a modest re-adjustment to the longer-term trend that is slightly above this very low rate (with an average of 3.38% taken forward to 2038). Whilst it is highly likely that the unemployment rate will increase substantially over the next few years due to the economic crisis precipitated by the pandemic and ongoing Brexit uncertainty, clearly, we are planning for the long term, which takes into account a number of economic cycles.
- 4 A **Labour Force Ratio** This was calculated based on the APS (the number of economically active), unemployment rates and the latest Experian job projections for 2016 (149,300 jobs based in Shropshire). The Labour Force [LF] Ratio used equated to 1.0501, i.e. there were more residents in employment living in Shropshire than there are jobs based there, resulting in net outward-commuting patterns. This aligns with the 2011 Census Travel to Work data analysed in Section 4.0 which found that Shropshire has a net outflow of 5,665 residents commuting elsewhere daily. The LF ratio was then held constant over the plan period to 2038 as this is broadly in line with the rates seen for Shropshire since the recovery from the last recession.

8.48 The 2014-SNPP indicates that an additional 25,695 persons will be living in Shropshire between 2016 and 2038 (+8.2%), of which 26,265 will be over the age of 16, with a decrease of 570 children aged 15 and under. However, the vast majority of this growth relates to the over 65s, with this large age cohort increasing by a very substantial 39,059, with a significant decline in residents aged between 16 and 65 (-12,794).

8.49 Applying the adjusted 2018 OBR economic activity rates for Shropshire and factoring in an unemployment rate of 3.38% results in a projected labour force increase of 2,079 (+3.0%). As can be seen in Table 8.10, applying the LF ratio of 1.05 equates to a net job increase of 1,979 over the 22-year plan period.

Table 8.10 Projected population and labour force change associated with 2014-based SNPP, 2016-38

	2016	2038	Difference
Total population	312,408	338,103	+25,695
Over 16 population	260,707	286,972	+26,265
Economically active population	161,574	163,817	+2,243
Labour supply (less unemployed)	156,201	158,280	+2,079
<b>Jobs (with a LF ratio of 1.0501)</b>	<b>148,749</b>	<b>150,729</b>	<b>1,979</b>

<sup>71</sup> OBR [Fiscal Sustainability Report – Supplementary data series](#)

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

- 8.50 As set out above, Scenario 4 has uplifted the number of jobs that we would expect to be supported under the standard method with the affordability uplift. This assumes the additional homes will ‘inflate’ the population of the authority area on a proportional basis, reflecting the age/sex profile of the SNPP at the end of the plan period. This rate of increase is then applied to the population growth differential between the two projections for 2038).
- 8.51 The implication of this will be that the delivery of 1,177 dpa (in accordance with the LHN) would support a greater level of population growth than would otherwise be associated with the 2014-based SNHP figure of 943 households per annum [hpa]. Furthermore, we are planning for a Plan period of 22 years from 2016-38, which is greater than the 10-year period used to calculate the Standard Method. Over this period, the 2014-based SNHP projects that the number of Shropshire’s households will grow by 19,136, or 870 hpa. A modest adjustment has also been made to the baseline to translate households into dwellings<sup>72</sup> by factoring in a suitable allowance for empty/second homes of 4.2% for 2016<sup>73</sup>.
- 8.52 We have applied this level of increase equally to each age/gender cohort and have assumed that the increase will apply evenly across the Plan period, with all other inputs held constant. The results are set out in Table 8.11.
- 8.53 It indicates that for Shropshire, with an LHN of 1,177 dwellings per annum [dpa] and an affordability uplift of 24.81%, the estimated net job growth rises to 7,538 between 2016 and 2038. These figures are indicative only.
- 8.54 A further scenario has been modelled along similar lines, but with an uplift from 1,177 dpa to 1,400 dpa to accord with the emerging Shropshire Local Plan requirement.

Table 8.11 Demographic population modelling scenario outputs for 2016 to 2038 (net changes)

Demographic scenario	2016 Dwellings*	2038 Dwellings	Net Dwelling Growth 2016-2038	% Above 2014-based SNHP 2038 position	2016 Jobs	2038 Jobs	Jobs needed to meet projected population growth
2014-based SNHP	140,524	160,499	19,975	n/a	148,749	150,729	+1,979
Current SM with AR uplift (1,177 dpa)	140,524	166,418	25,894	3.69%	148,749	156,287	+7,538
1,400 dpa Reg 19 Local Plan requirement	140,524	171,324	30,800	6.74%	148,749	160,895	+12,145

Source: MHCLG LT Table 125 / Lichfields analysis, based on 2014 SNPP and OBR economic activity projections  
 \*rebased to actual dwellings for 2016 as recorded in MHCLG LT Table 125 for Shropshire

- 8.55 As can be seen from Table 8.11, this results in a net increase of 7,538 jobs under the Standard Methodology; rising to +12,145 based on the 1,400 dpa Local Plan requirement.
- 8.56 To calculate the employment land implications of these projections, the same assumptions concerning vacancy rates and employment densities as per the Experian baseline econometric demand-side forecasting work were applied to these enhanced job projections. The same distribution of employment by office/industrial and other uses as the Experian baseline scenario was also used.

<sup>72</sup> The difference between households and dwellings in modelling terms is that the former includes a modest number of houses that have no-one living in them permanently as they are either empty or used as second homes. We therefore adjust the household projections by applying a vacant/second homes allowance.

<sup>73</sup> Source: MHCLG (2016): Calculation of Council Tax Base October 2016



- 8.57 The resultant projections and their job growth forecasts are presented in Table 8.12. This indicates that the net job growth Shropshire could range from a low of 65,032 sqm to a high of 158,027 sqm depending on the level of housing growth pursued by the Council.

Table 8.12 Shropshire net employment floorspace required from labour supply growth scenarios 2016-2038 (sqm)

Use class	Scenario 3) 2014-based SNPP	Scenario 4) Current SM with AR uplift (1,177 dpa)	Scenario 5) 1,400 dpa Reg 19 Local Plan requirement
E(g)(i)/(ii) Office / R&D	56,225	68,968	79,528
E(g)(iii) Light Industrial	114,017	131,519	146,024
B2 General Industrial	-69,454	-62,480	-56,700
B8 Warehousing	-35,755	-22,123	-10,826
<b>Total Office / Industrial / Distribution</b>	<b>65,032</b>	<b>115,884</b>	<b>158,027</b>

Source: Lichfields' analysis

### Estimating the Land Requirement

- 8.58 The next step involves translating floorspace into land requirements for office, industrial and warehousing uses. Land requirements have been calculated by applying appropriate plot ratio assumptions to the industrial floorspace estimates. It has been assumed that a gross area of 1 ha is required to develop 4,000 sqm of industrial or warehousing / distribution space (equal to a plot ratio of 40%).
- 8.59 The resulting net land requirements for the labour demand and labour supply scenarios are set out in Table 8.13.

Table 8.13 Shropshire net land requirements by labour demand and supply led scenarios (ha) 2016-38

Scenario	Offices	Light Industrial (ha)	General Industrial (ha)	Warehousing (ha)	Total Industrial / Warehousing (ha)
1) Experian Baseline	89,970	40.09	-12.75	0.19	<b>27.53</b>
2) Regeneration	89,970	40.66	-8.34	0.19	<b>32.50</b>
3) 2014-based SNPP	56,225	28.50	-17.36	-8.94	<b>2.20</b>
4) SM 1,177 dpa	68,968	32.88	-15.62	-5.53	<b>11.73</b>
5) 1,400 dpa Reg 19 Local Plan requirement	79,528	36.51	-14.18	-2.71	<b>19.62</b>

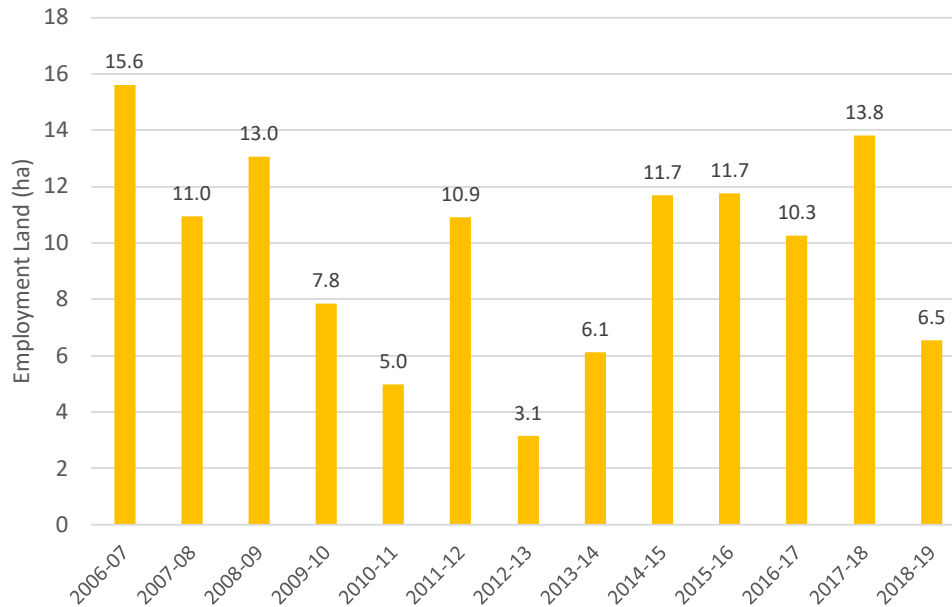
Source: Lichfields' Analysis

### C. Past Take Up Rates

- 8.60 Because they reflect market demand and actual development patterns on the ground, in some situations long term completion rates of employment floorspace can provide a reasonable basis for informing future land needs, particularly where land supply or demand has not been unduly constrained historically. However, the future demand picture may not necessarily reflect past trends and some adjustments may be needed.
- 8.61 As set out in Section 5.0, monitoring data on past completions by (former) B-Class uses between 2006/07 and 2018/19 was provided by the Council and illustrated in Figure 8.2. As summarised in Section 5.0, a total of 126.65 ha was delivered, or **9.742 ha per annum**. This latter figure is equivalent to **38,970 sqm** if a standard plot ratio of 40% is applied.

8.62 Figure 8.2 indicates that on average delivery has been reasonably consistent over the 13-year period for which records are available, although it has fluctuated with a range of 3.1 ha to 15.6 ha and a particular cluster around the 10-13 ha mark which is close to the average figure of 9.74 ha. There is no apparently anomalous peak in the data that could justify a further adjustment.

Figure 8.2 Gross Take-Up of (former) B-Class employment land in Shropshire, 2006/07 – 2018/19



Source: Shropshire Council / Lichfields' Analysis

8.63 Again, as set out in Section 5.0, of the total employment land completions, there was around 24 ha of office land; 2 ha of R&D; 22 ha of light industrial; 43 ha of B2 general industrial and 35.5 ha of B8 warehousing.

8.64 Table 8.14 presents the gross annual take-up for Shropshire by B-use class and projects this rate forward over the 22-year plan period. The data suggests that if past trends were to be replicated in future, this could justify the provision of around 177,000 sqm of office floorspace and an additional 170 ha of industrial/warehousing land (gross) in Shropshire to 2038. On this occasion, gross rather than net figures are used for past take-up given that less detailed B-Class loss records were available for the period from 2013 to 2019 from Shropshire Council than for the period from 2006 to 2013.

Table 8.14 Gross Employment Space Requirements Based on Past Completion Trends, 2016-2038

	Annual Gross Floorspace / Land Change	Total Gross Floorspace / Land Requirements (2016-2038)
<b>Offices / R&amp;D</b>	<b>8,049 sqm</b>	<b>177,068 sqm</b>
Light Industrial	1.69 ha	37.12 ha
General Industrial	3.31 ha	72.93 ha
Warehousing and Distribution	2.73 ha	60.02 ha
<b>Total Industrial / warehousing land</b>	<b>7.73 ha</b>	<b>170.07 ha</b>

Source: Shropshire Council / Lichfields Analysis

8.65 This approach assumes that past trends of development would continue unchanged, which may not fully reflect changes in the economy as it returns to growth.

8.66 Furthermore, the Experian modelling work demonstrates significant prospects for growth for the light industrial / office employment sectors.

- 8.67 In addition, all of the following must be considered when weighing up whether past take up rates are likely to increase in the future:
- 1 The long-term impacts of the economic downturn and uncertainty surrounding Brexit and the Covid-19 pandemic. However, commercial analysts have generally been surprised at how buoyant the industrial and to a lesser extent, commercial, market has been over the past year despite the three lockdowns, with demand for B8 distribution in particular at record levels and vacancy rates very low nationwide as a result.
  - 2 The move towards a more Business Services-orientated economy with significantly higher employment densities.
  - 3 The continued restructuring of the traditional manufacturing economy with the potential for 'recycling' of older sites.
  - 4 The new 'E' Use Class, which now incorporates the former B1 Use Class alongside A1 Shops, A2 Financial and Professional Services; A3 Food and Drink; D1 Non-Residential Institutions and D2 Assembly and Leisure. This will make it considerably easier to switch uses from B1 office, say, to retail without the need for planning permission (although the reverse is also true).
  - 5 The significant reduction in public sector spending available to deliver difficult brownfield sites.
  - 6 The need to consider alternative uses for existing Employment sites (i.e. for waste and recycling or for renewable energy infrastructure such as 'battery' plants).
- 8.68 At the time of writing, the Council reported that there were 25 ha of existing Employment Areas with extant planning permissions, with a further (very substantial) 81 ha of committed sites with extant planning permission for office/industrial use.
- 8.69 **On balance, for Shropshire, and despite the considerable uncertainty going forward due to the Pandemic and Brexit, it is suggested that the 13-year annual past take-up figures set out in Table 8.14 represent a reasonable basis for going forward, particularly given the very substantial amount of employment land that is already in the development pipeline.** This should be regularly monitored by Council Officers and amended as necessary to reflect changing supply and demand factors.

### **Flexibility Factor**

- 8.70 To estimate the overall requirement of employment space that should be planned for in allocating sites, and to allow some flexibility of provision, it is normal to add an allowance as a safety margin for factors such as delays in some sites coming forward for development. This margin, or flexibility factor, is a contingency adjustment, providing a modest additional land buffer so that supply is not too tightly matched to estimated demand, and so that shortages of land do not arise if future demand turns out to be greater than the forecasts. Such flexibility is sensible given the uncertainties in the forecasting process and the scope for delays in developing employment space.<sup>74</sup>
- 8.71 The former South-East England Planning Partnership Board [SEEPB] guidance on employment land assessments recommended an allowance that is equivalent to the average time for a site to gain planning permission and be developed, typically about two years. For Shropshire, the gross margin set out above of **16,097 sqm of office floorspace and 15.46 ha of industrial and warehousing land** was used. This equates to two-years of average take-up and is considered to be an appropriate level relative to the estimated scale of the original requirement. Although

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<sup>74</sup> This safety margin is separate from the consideration of vacancy rate.

net take-up is ordinarily used, in this instance, gross take-up was more robust given that less detailed B-Class loss records are available from Shropshire Council since 2013.

Table 8.15 Shropshire Safety Margin Allowances

Uses	Gross Average Annual Take-up	2-year Safety Margin Added 2016-2038
Offices	8,049 sqm	16,097 sqm
Industrial & Warehousing	7.73 ha	15.46 ha

Source: Lichfields Analysis

## Planning Requirements

- 8.72 While the net employment space requirements presented in Table 8.13 and the gross past take up scenario in Table 8.14 represent the minimum recommended quantum of employment space to plan for in Shropshire over the plan period, the Council will need to take a view on the extent to which additional space should be planned for over and above the net requirements, in order to allow for replacement of ongoing losses of employment space during the Local Plan period.
- 8.73 There is usually a need to ensure a reasonable allowance that provides for some flexibility but avoids over-provision of land. Shropshire Council may wish to make an allowance for the replacement of future losses of employment space that may be developed for other (non-office/industrial) uses over the plan period. Where such an allowance is factored into future employment space needs, it seeks to ensure that sufficient space is re-provided to account for employment space that could be lost moving forwards. It is intended, therefore, to provide some protection against the erosion of employment space over the plan period. This is a widely accepted approach in planning for future employment land needs.
- 8.74 Not all losses need necessarily to be replaced as some will reflect restructuring in the local economy as less space may be needed in some sectors in future. However, some replacement is needed to refresh the quality of the stock, provide choice and to avoid the employment land supply continually declining. This would be on the basis that the stock of employment land in Shropshire contains some older sites less likely to meet future needs and is of a scale that reflects past industrial patterns, rather than the amounts of land needed in future.
- 8.75 However, against this argument is the likelihood that other sites may also be lost by 2038, and these will represent losses to the overall land portfolio, reducing choice within the market.
- 8.76 Data provided to Lichfields by the Council indicates that recent losses have averaged **4.54 ha** per annum over the period 2006/07 to 2012/13. This appears in line with the level that might be expected given the volume of the current stock of floorspace in the area. The level has been relatively consistent, ranging from a low of 3 ha lost in 2009/10, to a high of 7 ha the year before.
- 8.77 Lichfields has undertaken further analysis on Shropshire Council data on recent housing completions since 2014/15. This indicates that around **75,000 sqm, or 18.8 ha of employment land was lost to residential uses over the past 5 years**, at an average annual rate of 15,000 sqm (3.8 ha) – a modest reduction on the longer-term average although this is unsurprising given that the more recent estimates only include losses to residential uses.
- 8.78 **This would average 4.21 ha, or 16,850 sqm per annum** over the 12 years for which losses data has been provided by Shropshire Council (excluding 2013/14 for which no data was provided by the Council).
- 8.79 There are also several large existing employment sites that have outline planning permission for residential use. The 5 sites identified by Shropshire Council Officers in this category total **27.12 ha** in size, and comprise:

- **Caterpillar Defence, Perkins Engines, Lancaster Road, Shrewsbury:** Outline application (access for consideration) 16/04559/OUT for residential development (up to 140 dwellings) including demolition of building 1; formation of access roads and associated highways, engineering and accommodation works - **4.33 ha**;
- **The Sawmills, Oswestry:** Outline application (access for approval) 14/05708/OUT for mixed use residential development; creation of vehicular access; demolition of all existing buildings. SAMDev Allocation WRN016 – **2.63 ha**;
- **Land Off Greenfields Lane, Market Drayton:** Outline application (access for approval) 14/03782/OUT for the residential development of up to 250 dwellings; to include demolition of existing structures on site; formation of vehicular accesses from the A53 and Hampton Drive – **11.15 ha**;
- **Stoke Heath Camp:** Outline application for residential development (up to 38 no. dwellings) 15/03969/OUT to include means of access; demolition of existing buildings and structures; remediation of site with associated highways and drainage infrastructure and other accommodation works – **5.08 ha**; and,
- **Storage Land and Premises (former Dairy), Mile Bank Road, Whitchurch:** Outline application (all matters reserved) 13/03481/OUT for residential development; vehicular access and estate roads; diversion of Public Right of Way; associated highway and landscape works REM (18/00552/REM) pending consideration – **3.93 ha**.

- 8.80 It should be noted that the application for residential development at Stoke Heath Camp represents the redevelopment of a redundant former army camp that has been vacant for some time. Excluding the land at Stoke Heath, this represents a potential loss of **22.04ha** of commercial land previously used for employment uses for residential development.
- 8.81 There are a further three applications for residential development on existing employment sites with a Resolution to Grant, two of which would be likely to result in a significant net loss of employment land of 0.96 ha (former Shropshire Council Offices at Bridgnorth) and 1.39 ha (Old Station Yard, Ellesmere).
- 8.82 Apart from sites with planning permission, there are numerous existing/former employment sites identified in the Council's Strategic Land Availability Assessment (November 2018) that are identified as being developable for housing over the next 0-15 years. At the time of writing, the SLAA has not been updated. It identified 17 major existing employment sites that were suitable, available and achievable for alternative forms of development, and which could potentially result in the loss of **9.58 hectares** of employment land from Shropshire's portfolio to residential uses. Council Officers identified these sites as potentially coming forward over the next 15 years. The potential loss of 9.58 ha over this period would therefore equate to **0.64 ha per annum**.
- 8.83 The aforementioned extant outline planning permissions, Resolutions to Grant and SLAA sites total **39.06 ha** over the next 15 years or so at an average of **2.604 ha per annum** (33.98 ha in total excluding Stoke Heath Camp).
- 8.84 An alternative approach to calculating land requirements with a margin of choice is to apply a rate of 'churn' equivalent to a proportion of the Council's existing stock per annum. A number of other ELRs have used a replacement figure of around 1% per annum<sup>75</sup>, which would be the equivalent of Shropshire's entire stock being replaced over a period of 100 years. This has been

<sup>75</sup> See, for example, Lichfield District Council's Employment Land Review 2014 Update and work covering the areas of: The West of England Updated Employment Evidence (Bath & North East Somerset, Bristol, North Somerset and South Gloucestershire) November 2018; Greater Exeter Economic Development Needs Assessment (Devon County, East Devon, Exeter, Mid-Devon, Teignbridge and Dartmoor National Park) March 2017 and Dartmoor National Park Employment Land Review, January 2018.

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

- 8.85 Table 8.16 compares the rate of replacement needed for Shropshire’s office/industrial stock (based on the total amount of floorspace identified in the area by the VOA in 2020). It indicates that if the current loss replacement figure of 4.21 ha was taken forward, it would take 124 years for the Council’s stock to be replenished in full. At the other end of the scale, to replenish the whole stock in 50 years would require over 10 ha of churn annually, which appears unrealistic. Applying the general rule of thumb figure of 1% would require just over **5.2 ha** of churn, or loss replacement, although in reality that could include some premises being replaced more frequently, and others not being replaced at all.

Table 8.16 Shropshire Replacement Rate Analysis (2020)

	Annual Allowance	22 Year Allowance	Years Required to Replace all Shropshire’s B Class Space*
Trend Based	4.21 ha	92.62 ha	124 years
Replacement at 0.4%	2.09 ha	46.07 ha	250 Years
Replacement at 0.5%	2.62 ha	57.59 ha	200 Years
Replacement at 1%	5.24 ha	115.17 ha	100 Years
Replacement at 2%	10.47 ha	230.34 ha	50 Years

Source: Lichfields analysis/VOA Business Floorspace (2020)

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

- 8.86 As set out in Table 5.3, just (27%) of all B class floorspace in Shropshire was built prior to WWII, compared to 36% in the West Midlands and 40.0% in England and Wales. Over 42% of office/industrial units were built between 1940 and 1970, which is a far higher percentage than the regional (27%) or national (24%) rates. Overall, Shropshire has a higher proportion of units constructed pre-1970 than might be expected nationally. This suggests a slightly higher rate of churn may be required to address the higher proportion of outdated stock that is less likely to be fit to meet the needs of modern-day occupiers.
- 8.87 Other ELR studies<sup>76</sup> have noted that approximately 20% of historic completions have been achieved through (former) B-Use Class redevelopment (i.e. the re-use of formerly B-Use Class employment sites), with the remainder requiring new sites. This indicates that there will likely be a requirement for a high proportion of replacement activity on new sites to deliver new B-Use Class supply to meet modern occupier needs.
- 8.88 Replacing 1% of the floorspace would require an annual loss allowance of 5.24 ha which appears reasonable given that this would still take 100 years to replace the Council’s entire (but relatively modern) portfolio of sites. However, accepting that there may be an element of redevelopment on existing sites, a reduction of around 20% to reflect this would be equal to 4.19 ha per annum.
- 8.89 This is almost identical to the 4.2 ha lost annually between 2006/07 and 2018/19 (which could be a slight under-estimation given that only losses to residential uses were included post 2014).
- 8.90 Balancing these considerations, it is accepted that factoring an element of future losses is not an exact science. Past trends would suggest a figure of 4.21 ha would be appropriate, falling to 2.604 ha based on employment land that could be lost (as identified in the SHLAA and extant permissions) and 4.19 ha based on replacing 0.8% of the total stock, or churn. On balance, it is suggested that a replacement figure of around **4.2 ha would represent a sufficient rate of churn/loss replacement**, given the age of stock and the fact that 7.9 ha was lost last year alone. This equates to 92.4 ha over 22 years.

<sup>76</sup> West of England Joint Spatial Plan Area Updated Employment Evidence (2018)

## Summary of Requirements

8.91 Table 8.17 provides an illustration of indicative gross land requirements in the event that the Council takes the decision to plan for the replacement of losses at 4.2 ha, based on a balanced review of churn/past trends.

Table 8.17 Indicative Gross Floorspace Requirements for Shropshire (flexibility margin and loss replacement) for 2016 to 2038

Scenario		Offices / R&D (sqm)	Light Industrial (ha)	General Industrial (ha)	Warehousing (ha)	Total Industrial (ha)	All Employment land (ha)*
1) Experian June 2020 Baseline	Net	89,970	40.09	-12.75	0.19	27.53	50.02
	+ Flexibility Factor	106,067				42.99	69.51
	+ Loss Replacement	182,403				116.31	161.91
2) Regeneration	Net	89,970	40.66	-8.34	0.19	89,970	55.00
	+ Flexibility Factor	106,067				47.96	74.48
	+ Loss Replacement	182,403				121.28	166.88
3) 2014-based SNPP	Net	56,225	28.50	-17.36	-8.94	2.20	16.26
	+ Flexibility Factor	72,322				17.66	35.74
	+ Loss Replacement	148,657				90.98	128.14
4) Current SM 1,177 dpa	Net	68,968	32.88	-15.62	-5.53	11.73	28.97
	+ Flexibility Factor	85,065				27.19	48.46
	+ Loss Replacement	161,400				100.51	140.86
5) Emerging Local Plan requirement 1,400 dpa	Net	79,528	36.51	-14.18	-2.71	19.62	39.51
	+ Flexibility Factor	95,626				35.09	58.99
	+ Loss Replacement	171,961				108.40	151.39
6) Past Take Up Rates	Gross, including Flexibility Factor	193,166				185.53	233.82

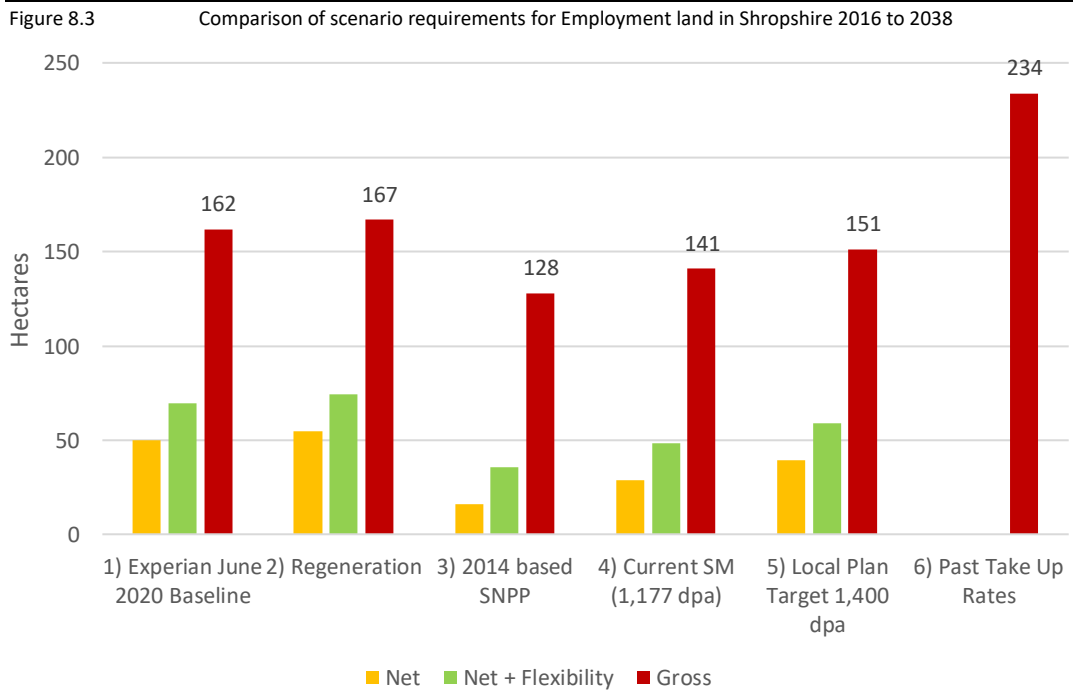
Source: Lichfields' analysis

Rounding errors may mean sums do not add.

\* Office floorspace converted to land through the application of a standard 40% plot ratio

8.92 The labour supply projections for Shropshire are illustrated alongside the econometric and past take up projections in Figure 8.3. The two econometric scenarios range from 70 ha to 74 ha (net including flexibility), rising to between 162 ha and 167 ha gross if the Council includes the suggested rate of loss replacement/churn. The labour supply scenarios range from 128 ha to 151 ha (gross) increasing on a broadly linear scale relating to the increased level of housing provided. Scenario 6 (Past Take Up Rate), at 234 ha (gross) is significantly higher than the other scenarios, reflecting the strong take-up of employment land in recent years. It is worth noting that if the past trends jobs growth scenario (see paragraphs 8.30 to 8.34 relating to the modelling of this sensitivity test) were to be taken forward (based on jobs growth 1997-2016 that was more than double the rate now projected by Experian going forward), this would suggest a similarly high level of need, with the net land requirement at 107 ha, rising to 219 ha if loss replacement were factored into the equation by the Council.

8.93 The overall range is therefore between 128 ha and 234 ha gross of employment land between 2016 and 2038.



Source: Lichfields analysis



## 9.0 Demand / Supply Balance

### Introduction

9.1 This section draws together the forecasts of future employment land needs in Section 8.0 and sets this against the estimates of land available on the area's potential employment sites to identify whether there is any need for additional employment space, or whether there is a surplus of it, in both quantitative and qualitative terms.

### The Need for Employment Land in Shropshire

9.2 This report has appraised a range of employment land projections for Shropshire using a variety of methodologies in accordance with the PPG. It has used the latest modelling data from Experian; labour supply scenarios including the recently updated standard methodology for calculating housing need; and updated past take up rates and losses data.

9.3 In interpreting the outputs of Section 8.0, regard should be had to the PPG which states that LPAs should assesses the need for land or floorspace for economic development, including both the quantitative and qualitative needs for all foreseeable types of economic activity over the plan period. It is also important to recognise that there are inevitable uncertainties and limitations associated with modelling assumptions under the future growth scenarios considered. For example, there are some inherent limitations to the use of local level economic forecasts, particularly in the context of significant recent changes in the economy and the unforeseeable ongoing issues concerning the Covid-19 pandemic and Brexit. Economic forecasts are regularly updated and the resulting employment outputs will change over the plan period.

9.4 Six different scenarios of future employment space requirements have been considered based on a range of lower and higher growth conditions that could arise in the future, plus a sensitivity test based on past trends jobs growth. The Experian baseline scenario (Scenario 1) forecasts a much lower level of jobs growth than has been experienced in recent years, of 16,700 net workforce jobs between 2016 and 2038. This equates to a CAGR of just 0.48% growth annually, well below the 0.978% recorded in Shropshire over the period 1997 to 2016. If this higher CAGR were applied to the 2016 workforce jobs growth figure, this would suggest a growth of 35,637 workforce jobs over the 22-year plan period, more than double Experian's latest forecasts.

9.5 The Regeneration Scenario accelerates certain key industrial growth sectors identified in the Marches' Strategic Economic Plan, refined following discussions with the Council's Economic Development Officers and prospective infrastructure projects which are likely to have a positive impact on employment growth in the County. This resulted in a net jobs growth of 19,677 to 2038, which is almost 3,000 jobs higher than the baseline (although only around 1,000 of this difference relates to office, industrial and warehousing jobs).

9.6 The indicative labour supply projections were calculated based upon the Government's newly revised SM for calculating housing need for Shropshire (1,177 dpa), plus an adjustment to get to the 1,400 dpa emerging Local Plan housing target. The net job growth ranged from +1,979 using the 2014-based SNPP alone, rising to +7,538 based on the standard methodology, to 12,145 factoring in the additional 4,906 dwellings resulting from the uplift to 1,400 dpa. The labour supply employment land requirements range from 128 ha to 151 ha (gross).

9.7 Past take up, which aligns with the former 'predict and provide' approach to identifying employment land needs, indicates that the Council has been very successful in attracting new companies to the area, with a total of 126.65 ha of employment land delivered over the past 13 years. This equates to 9.74 ha per annum. Projected forward, this results in a need for 234 ha gross, including an allowance for a flexibility factor/margin of choice.

9.8 The data provided by Council Officers relating to past take up since 2006/07 is particularly detailed, and hence it is considered that in this instance further weight can be attached to the past take up scenario than might ordinarily be the case.

9.9 **Consequently, on the basis of these considerations, it is recommended that Shropshire’s employment land OAN should comprise a range of between 128 ha to 234 ha between 2016 to 2038 (including flexibility). This range assumes a significant allowance for the replacement of losses. Council officers will need to take a decision regarding the extent to which additional provision should be planned for, and whether the gross requirement should be reduced accordingly. The range would reduce by around 35 ha if a lower loss replacement figure of, say, 2.6 ha were used (reflecting the losses in the pipeline, rather than a combination of past trends and churn replacement). This would be a judgement for Shropshire Council to make and hence the gross figures are indicative only.**

9.10 If the housing requirement is at, or below, the 1,400 dpa under labour supply Scenario 5 then this could have repercussions on the employment land target, which may have to be reduced as a consequence to ensure the two are not misaligned. It is recommended that, in these circumstances, the Council could undertake further housing modelling to ensure the job projections are aligned appropriately with their housing requirement.

9.11 This 128-234 ha (gross) range in Table 8.17, equates to the 2014-based SNPP labour supply scenario (3) at the lower end, and the Past Take Up Scenario (6) at the upper end. These land requirements are driven particularly by strong land requirements for light industrial land and offices, which is consistent with both past completions and sectors forecast to grow strongly in the Experian projections (and key target growth sectors in the SEPs).

### **Quantitative Need, by Use Class**

9.12 In terms of how the 128 ha - 234 ha net employment land requirement for Shropshire could be split between the Use Classes, the following quantitative and demand-based factors should be taken into account:

- 1 Historical changes to the stock of existing employment space show that the level and share of office space has increased by over a third in recent years to 244,000 sqm between 2000/01 to 2019/20, whilst the level of industrial space has increased at a much slower rate of just 6% over the same period. 1.85 million sqm of industrial floorspace is located in Shropshire according to VOA figures for 2019/20, which is almost 8-times higher than the volume of office space.
- 2 By 2038 46.9% of office/industrial jobs are projected to be in higher employment density office space (up from 40.2% currently), compared to 53.1% in lower density industrial space.
- 3 Around 28% of the employment floorspace needed based on the Experian projections (Scenario 1) is needed for office, compared to c. 72% industrial land. This falls to 27% for office floorspace based on the Regeneration Scenario 3, with the remaining 73% of need identified for industrial (particularly light industrial).
- 4 The prioritised sectors identified in the review of key growth drivers suggests that demand will be particularly focussed towards advanced manufacturing, environmental science, health and food & drink processing, which would have fairly limited office requirements
- 5 Since 2006/07, 20.65% of employment land completions have related to office space, compared to 51.34% for B1c/B2 industrial land and 28.0% for B8 warehousing and logistics.

9.13 Taking the above factors into account, it is suggested that the following indicative split of office/industrial employment space could be appropriate for Shropshire over the period 2016 to 2038:

- 1 **25% for office; and,**
- 2 **75% for industrial/distribution.**

9.14 This balances the high levels of industrial land that have come forward for development in recent years (c.80% of the total amount of employment land take up since 2006/07) against the stronger growth prospects for traditionally office-based sectors (with the Policy On Scenario identifying a net requirement for around 27% of floorspace for office uses). The considerable uncertainty regarding changing work practices presented by the Pandemic and further uncertainties concerning the implications of Brexit means that these conclusions should be revisited by the Council and monitored as and when new data on the fallout from the ‘new economic normal’ becomes more clearly apparent in the years to come.

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

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

**128 - 234 ha gross between 2016 and 2038 (depending on the scale of loss replacement the Council wishes to make allowance for)**

Of this range, it is suggested that around 75% should be identified for industrial / warehousing, and the remaining 25% for new office space.

9.15 The selection of the final employment land requirement will depend upon the preferred level of employment growth for Shropshire and the extent to which Officers consider that this aligns with the Council’s growth aspirations, including the need to reduce net out commuting and balancing economic considerations with housing needs. The level of employment growth will be based upon the identification of policy aspirations relating to the promotion of key sectors in accordance with the economic and spatial vision for the area.

### **The Need for Strategic B8 Distribution**

9.16 As set out in Section 7.0, Logistics is a fast-moving sector and one that has seen an unprecedented level of change and growth over the past 12 months or so. In recent years it has changed beyond all recognition and been a key driver of commercial property markets – maintaining significant levels of demand and activity. However, the Covid-19 pandemic has greatly accelerated these trends, and according to one logistics operator, the past 9 months have accelerated trends that would otherwise have taken five years or more to occur.

9.17 The issue facing this study, however, is that as a relatively recent phenomenon, the needs of strategic large-scale B8 Distribution are not easily revealed via the methodology recommended for forecasting employment land needs by the Government in the PPG. The approach does not distinguish between small scale and large scale B8 other than through the use of different employment land densities, but any approach that essentially relies on past trends for forecasting future needs is by its very definition going to struggle to accurately project new or emerging trends in the market.

9.18 This is an issue for Shropshire Council, as with one or two notable exceptions, there has been a lack of strategic ‘big box’ B8 allocations that have come forward in recent years in the County.

Therefore, large scale logistics is not reflected in the take-up data, and given the recent shift towards e-commerce, it is arguably not reflected in the Experian modelling either. For example, the June 2020 Experian model run suggests that there will be a net growth of only 10 B8 jobs between 2016 and 2038, compared to 1,304 jobs over the same time period, if the past job growth rates [CAGR] are trended forward.

- 9.19 For Shropshire, the total (net) B8 requirement ranges from -10.45 ha and 60 ha, with the lower end of the range clearly insufficient to meet likely needs and are likely to relate to localised distribution requirements only.
- 9.20 As set out in Section 7.0, JLL reported that Shropshire has not historically been a popular location for large-scale distribution activity as it often loses out to Birmingham, which acts as a larger, more dominant sector for national and regional distribution functions due to its high levels of transport connectivity. There are some logistics operators located in Shropshire, including DHL and the Royal Mail. These again are located in Telford, close to junctions 4 and 5 of the M54. The majority of distribution activity in this area is driven by retailers and wholesalers.
- 9.21 The demand for logistics premises is generally higher in areas with good connections to the A5 and M54 beyond. Outside of the Shropshire Council boundary, Telford's connections to the M54 motorway and established employment sites means that demand for industrial premises in this location has historically been higher than that seen in the Shropshire Council area. JLL concluded that demand for 'Big Box' units (100,000+ sq. ft) units within the Shropshire Council area is generally limited at present, with demand generally being for units at the upper end of the mid box scale is likely to be greater in areas with good connections to the A5 and M54.
- 9.22 As well as providing access to the wider West Midlands through the M54 and M6 beyond, Shrewsbury, and Oswestry, in particular, are well located to provide access to Wales via the A5, thus potentially attracting occupiers who are looking for smaller buildings as a 'relay station' to serve contracts/requirements to distribute goods and services across to Wales.
- 9.23 Nevertheless, given the scale and urgency of this issue nationwide, if the opportunity arises the Council may wish to give consideration to participating in a further strategic study to quantify the likely extent of strategic B8 logistics need across the wider sub-region, including Telford and the Association of Black Country Authorities (ABCA's -see below). This future study should seek to quantify the exact scale of large-scale strategic B8 in the wider area and identify specific sites where this need could be allocated.

### **Meeting the Unmet Needs of adjoining Boroughs**

- 9.24 The PPG outlines that '*functional economic market areas [FEMA] can overlap several administrative areas' and therefore Councils should seek to carry out assessments of need on a 'cross-boundary basis with neighbouring authorities.'* The logistics sector in particular requires an approach to planning which accounts for the needs across the FEMA; where significant amounts of land, good access to strategic transport networks, sufficient power capacity and access to appropriately skilled local labour is often required.
- 9.25 So, whilst districts should aim to meet their own needs as far as possible within their own administrative areas, where the FEMA that they sit within extends across a wider sub-region, that need – and specifically the need for regional/national logistics sites as discussed above – could be redistributed to appropriate locations elsewhere. Whilst indigenous, or local needs, must be met in full where that need originates, it may be appropriate in certain instances for local authorities to take on board a larger share of B8 needs over and above their own requirements to address an otherwise unmet regional requirement and attract inward

investment from outside their jurisdictions. This may involve Shropshire Council engaging with the ABCA's to identify the specific employment needs and demands that they cannot accommodate within their own boundaries, and which may be more appropriately and sustainably located within Shropshire's boundaries.

- 9.26 As we have set out in detail in Section 4.0, whilst there are a number of overlaps with neighbouring districts, Shropshire is predominantly seen as a self-contained FEMA based strictly on the ONS tests alone. However, based on the TTWA commuting analysis, there are clear overlaps with Telford and parts of Powys to the west, whilst there are strong labour market linkages with the Black Country authorities further east. We recommended that from a practical perspective, Shropshire Council should continue to work in close co-operation on employment land supply balance with these authorities going forward.
- 9.27 In this regard, we understand that under the Duty to Co-operate, Shropshire Council has agreed in principal to accept an element of unmet employment land need from the ABCA's, and for this employment need to be incorporated into the overall employment requirement for Shropshire to 2038. This follows on from the Cabinet decision in July 2020 to accept the principle of Shropshire Council accepting up to 1,500 dwellings from ABCA's identified housing need and represents an important aspect of the ongoing Duty to Cooperate legal process.
- 9.28 Further to discussions with the Black County Authorities as part of their ongoing plan making process, it is understood that an **additional allowance of up to 30ha of employment land** will be provided in the emerging Shropshire Local Plan specifically to support the employment needs of the emerging Black Country Plan, where evidence indicates employment delivery opportunities are constrained. The Council considers that this reflects a positive approach to cross boundary cooperation and responds to the functional relationship between the two areas in terms of the movement of labour within the sub-region. It would be for the Councils to agree the Use Class composition of the 30 ha, and whether it fits the overall 75/25 split advocated to meet Shropshire's office/industrial needs, or whether it should be weighted more towards B8 logistics. This would also need to dovetail with any future sub-regional 'Big Box' logistics study as discussed above.
- 9.29 This 30 ha provision would be in addition to the 128 ha – 234 ha of indigenous need identified specifically for Shropshire in Section 8.0 (**bringing the Plan requirement to between 158 ha and 264 ha**).

## Existing Supply

- 9.30 This section compares actual levels of available land with anticipated requirements to understand the extent to which new allocations may be required.
- 9.31 The published Authority Monitoring Report for the adopted Local Plan (to March 2017) currently provides a Strategic Employment Land Supply of 368 hectares to support the economic growth of Shropshire. This includes completed development (108 hectares) and land available for development with planning permission or allocated in the Local Plan (215 hectares) and allowances for windfall development (46 hectares) to satisfy a requirement for around 290 hectares of employment development over the period from 2006 to 2026.
- 9.32 According to Shropshire Council Officers, the Employment Land Supply position as at March 2019 is as follows:
- |   |  |         |
|---|--|---------|
| 1 | Completions 2006 – 2019:                 | 130 ha; |
| 2 | Permissions – Existing Employment Areas: | 25 ha;  |
| 3 | Permissions – Committed Sites:           | 81 ha;  |

4	Allocated Sites:	139 ha;
5	Windfalls (estimated over 7 years to 2026):	36 ha;
6	<b>TOTAL:</b>	<b>410 ha.</b>

9.33 At 1<sup>st</sup> April 2019, there was a supply of available land comprising 281 ha to support future employment development in Shropshire, which includes an allowance equal to 36 hectares for ‘windfall’ employment development in larger settlements and small-scale development in Community Hubs, Community Clusters and rural locations across the County. According to the Council, the delivery of windfall employment development is subject to the settlement strategies and allowances in the Local Plan and the availability of development opportunities in the settlements within each Place Plan area.

9.34 The supply of available employment land principally provides a portfolio of land and premises equal to 245 hectares comprising planning permissions totalling 106 hectares and allocated sites totalling 139 hectares. This portfolio provides an immediate ‘Reservoir’ of readily available land for development in accordance with Core Strategy Policy CS14, which requires this ‘Reservoir’ to exceed a minimum supply of 72 hectares in any five-year period.

9.35 The central and northern areas of Shropshire are key drivers for employment development and economic growth with 38 ha coming forward in Central Shropshire (including the town of Shrewsbury) between 2007 and 2019 and a further 39 ha in the north eastern market towns of Market Drayton, Whitchurch and Wem over the same time period. However; the south of the County also provides a relatively strong rate of employment development particularly from completions in the period from 2007 to 2019, with a further 25 ha delivered in this area (predominantly in Ludlow and Bishops Castle).

9.36 The prevalence of the central and northern areas of Shropshire is reflected in both completed development and in the portfolio of employment land and premises with a healthy supply of committed and allocated employment sites. The scale and distribution of these development opportunities in the centre and north of the County supports the role and function of Shrewsbury and the Market Towns of Market Drayton, Whitchurch and Oswestry. According to the Councils’ most recent (2016/17) Annual Monitoring Report, the Place Plan areas around the Key Centres of Ellesmere and Wem also have the capacity to meet their own needs and to support communities that rely on these centres for employment and services.

### **Pipeline Supply**

9.37 In terms of how the employment land requirements relate to the current employment land portfolio, various factors make any such quantitative analysis an inexact science. On the supply side of the equation the total amount of land available at any given point in time is indeterminate. The exact amount depends upon:

- 1 The size of private reserves (i.e. industrial land held with existing buildings for expansion). These are normally excluded from the analysis as they are not generally available for development;
- 2 The number of windfall sites arising which are not presently allocated for employment uses, but which may become available for such uses in future; and,
- 3 The number of further sites becoming available through the recycling of land currently in industrial use.

9.38 Bearing these points in mind, and as set out in Section 8.0, we have not undertaken a site-by site assessment as part of this study. However, JLL’s high-level review of employment land supply found that generally, much of the existing stock across Shropshire is of poor quality and

outdated. In order to attract potential occupiers, and prevent losses of existing occupiers, much of this stock will require refurbishment in order to meet the needs of modern occupiers.

- 9.39 The same can be said for office development. We are aware from our consultation exercise that small, high quality office suites are generally very sought after in Shrewsbury; however, there is a lack of good quality smaller stock available.
- 9.40 According to the quantum of employment development completions stated in the Council's Annual Monitoring Report data, from 2010 to March 2019 there was a total of 64,000 sq. m of employment completions within Shropshire.
- 9.41 The SLAA identifies sites that are considered acceptable for economic development. We note that in the areas that would likely see the highest demand, there are very few sites that are identified as 'Accepted' and therefore able to fulfil demand in the short term. There are a range of sites across the Council area that are identified as having long term potential.
- 9.42 The shortage of sites considered appropriate for development in the short term may mean that Shropshire is unable to maximise on the opportunity that the growth of e-commerce and 're-shoring' or 'on-shoring' provides.

## Quantitative Summary

- 9.43 In summary, the identified supply within Shropshire currently stands at around **245 ha** (as of 31<sup>st</sup> March 2019), of which 106 ha relate to extant permissions for employment sites, plus a further 139 ha of as yet undeveloped employment land allocations. To this, the Council includes an additional 5.14 ha of windfall sites per annum (over 7 years). In addition to this, we would need to add the completions that have already taken place over the 2016-2038 plan period to 31<sup>st</sup> March 2019. According to Council records, this totals **30.61 ha**, bringing the total supply up to around **276 ha**.
- 9.44 **The identified need set out in Section 8.0, plus the 30 ha additional allowance to address unmet needs arising from the Black Country authorities, is a (gross) range of between 158 ha and 264 ha. Therefore, depending on where within this range Shropshire Council chooses to sit, this would indicate either an over-supply of 118 ha, or 12 ha, in quantitative terms at least.**
- 9.45 This demand/supply analysis assumes that the authority's undeveloped employment allocations come forward in their entirety for employment development over the plan period, and that all extant B-Class employment land planning permissions will be developed. Any significant deviation from this broad assumption would have an impact upon the overall balance, for example by tightening the existing surplus of employment space or resulting in an increase in the shortfall under some of the more optimistic scenarios.

## Qualitative Factors

- 9.46 This Section has identified a need for a range of between 152 ha – 264 ha of B-Class land. This would indicatively comprise of:
- Office and R&D – 25% (39.5 – 66 ha)
  - Light Industrial, B2 and B8 – 75% (118.5 – 198 ha)
- 9.47 Even where no quantitative shortfall of employment space is identified, in most circumstances additional land may be needed for qualitative reasons, in order to:
- a Improve the choice of provision for occupiers;
  - b Meet gaps in the supply of particular types of premises;

- c Improve or modernise the quality of current provision and so help attract more occupiers; and/or,
- d Provide a better spatial distribution of employment sites to meet the needs of different settlements.

- 9.48 In the short to medium term, JLL considers that there is a need to deliver further employment space to accommodate business growth in Shropshire, as well as to facilitate the rapid recent growth in e-commerce.
- 9.49 There is also a growing trend moving forward for supply chain 're-shoring' whereby a greater emphasis will be placed on sourcing of goods and raw materials closer to the market at the point of consumption in order to reduce supply chain risk. This increase in 'on-shoring' could lead to manufacturing companies holding more inventory in the UK, or to source more goods from the UK.
- 9.50 Both of these factors are likely to have a positive impact on the demand for industrial and logistics premises going forward and present an excellent opportunity for Shropshire to attract occupiers looking for additional floorspace or to facilitate the potential expansion of existing occupiers, particularly those linked to the food and agri-tech sectors.
- 9.51 Demand for industrial and logistics premises will facilitate these uses, and regional and national demand is likely to be highest at locations with good accessibility to the A5 and M54. That is to say, along the M54 Corridor as far as Shrewsbury, with some potential further demand to the west along the A5 in Oswestry and the surrounding area, in order to serve the North Wales market.
- 9.52 We anticipate that demand at a regional and national level in the smaller market towns is likely to be driven by a clustering effect driven by key large occupiers. In the towns without a large 'anchor' occupier, demand is likely to be driven by occupiers operating at a local level
- 9.53 There is also an opportunity for Shropshire to facilitate the growth of smaller occupiers looking for space to expand their business. Should this 'grow on' space be made available then this will limit the number of businesses moving to competing Local Authority areas.
- 9.54 Demand for office premises is currently limited in Shropshire, with demand generally being for smaller, high quality suites in Shrewsbury. The reduced levels of demand for larger suites is evidenced by the limited amount of recent office development at Shrewsbury Business Park, despite there still being land available.
- 9.55 A significant factor hindering office development in Shropshire is viability, due to increasing build costs and a lack of rental growth. There is not thought to be sufficient demand for office development of a significant scale, however there will likely be demand for small, high quality suites that could be accommodated within a 'Business Centre' type offering.
- 9.56 JLL's analysis, alongside the evidence from the consultation exercise, suggests that there is a lack of 'oven ready' good quality land for employment development coming to the market, particularly for light industrial, B2 and B8 uses, despite there being demand in the market. As a result, there is a risk that those seeking employment premises within the Shropshire Council boundary may locate elsewhere.
- 9.57 Outside of the Shropshire Council boundary lies i54, home to Jaguar Land Rover, MOOG, Eurofins, Atlas Copco, ERA and ISP. The site benefits from dedicated motorway access and has been credited with drawing larger national occupiers closer to Telford via the M54. To date, over 2.5 million sq. ft of buildings have been built, with some 2,700 people employed across the current businesses. Following the success of the site to date, development of the next phase has



commenced, which is a 60 acre extension to the west of the existing site. Land will be available for purpose-built development, either for sale or to let. Delivery of serviced plots is expected in July 2021.

- 9.58 A high-profile development such as this, in close proximity to Shropshire Council's boundary represents an excellent opportunity to draw further occupiers into Shropshire. Nonetheless, consideration will need to be given to whether there would be enough demand to justify an additional development, to that already proposed as part of the i54 extension.

## **Other Employment Land Policy Issues**

### **Implications of the New E Class on Employment Land in Shropshire**

- 9.59 As of 1<sup>st</sup> September 2020, the Government changes to the Use Class Order (UCO) came into effect, with Use Classes A, B1 and D being revoked, and new Use Class 'E' (Commercial, Business and Service) being introduced as well as Use Class F1 (Learning and Non-Residential Institutions) and F2 (Local Community).
- 9.60 This essentially means that shops, financial and professional services (not medical), cafés or restaurants, offices (other than uses within Class A2), research and development of products or processes and for any industrial purposes (which can be carried out in any residential area without causing detriment to the amenity of the area) fall under the new 'E' Use Class. This will allow premises that fall under the 'E' Use Class to change use without needing planning permission.
- 9.61 The Government has stated that the main driver of these changes has been the need to enable the repurposing of buildings in town centres and on high streets, in order to revitalise town and city centres.
- 9.62 It is expected that the new regulations will lead to an increase in premises changing their use. While this could help to bring vacant units back into use, it also poses a risk that instead of creating diversity, less profitable or less valuable uses may be priced out of town centres.
- 9.63 There is also a risk of impacting prime frontages in town centres. Should a large retail unit be repurposed for office use, then there is likely to be a break in the prime frontage, potentially having a negative impact on the attractiveness and coherence of town centres. There is also a risk of retailers being drawn out of town centres to occupy vacant premises on business parks or industrial areas, thus competing with the town centre.
- 9.64 From a Landlord's perspective, the new E Use Class represents an opportunity to secure the most valuable use for their assets. Premises falling into the E Use Class will benefit from being marketed across a number of sectors, widening the pool of potential tenants, which may give rise to some uplift in land values.
- 9.65 Landlords will likely be assessing whether the current uses of their assets maximise the possible rents that can be achieved through the increased flexibility. This may in turn drive up rents, potentially outpricing smaller businesses.
- 9.66 This may also be a qualitative issue in that a broader range of employment generating uses may access Shropshire's employment land portfolio, leading to greater losses of land. It is therefore possible that this will require more land to ensure that we achieve the desired level of diversification of the local economy in addition to the many service sector uses that now largely populate Class E. This could support an argument to provide a greater degree of flexibility in the land requirement.

## **Building Specifications – Industrial/Warehousing**

- 9.67 There is growing legislation driving a global consensus that all buildings must be net zero carbon by 2050. This means buildings must achieve zero carbon throughout their lifecycle, including development, refurbishment and operation. Forward thinking developers and investors have been proactive in creating portfolio wide targets to become net zero. Some investors have been led by market differentiation, remaining competitive and aligning with changing consumer and employee demands. With more occupiers focusing on environmental targets, the onus to engage with the supply chain to reduce direct emissions will intensify, and this means an increase in pressure on real estate and on landlords too. Sustainability and climate change are deemed to have the greatest impact on real estate performance according to JLL’s investor survey, with two-thirds stating that they would be increasing their allocation to more sustainable property.
- 9.68 It is therefore recommended that sustainability initiatives should be at the forefront of any new development, or the refurbishment of existing space, with the aim of achieving a net zero carbon footprint.
- 9.69 We would anticipate any new build trade counter/small industrial units to be of a similar specification to the following:
- Small units to be arranged in a terrace around a central yard to allow for flexibility in unit size through the amalgamation of units;
  - Electric roller shutter doors;
  - A minimum eaves height of 6 metres;
  - W.C. and tea point;
  - High speed broadband connectivity;
  - EPC – A Rating;
  - Planning consent for B1, B2 and B8 uses (including vehicle repair/maintenance). As of 1st September 2020, Government changes to the Use Class Order came into effect. As a result, Use Class B1 has now been revoked, and is now included within a new Use Class E (Commercial, Business and Service). The new E Use Class includes Shops, Financial and Professional Services (not medical), Cafés and Restaurants, Offices, Research and Development and any industrial purposes (which can be carried out in any residential area without causing detriment to the amenity of the area).
- 9.70 For new build ‘mid-box’ units (30,000 sq. ft to 100,000 sq. ft), we would anticipate that the following specification would most appeal to the market:
- A minimum eaves height of 8 metres at the smaller end of the ‘mid box’ range, increasing to a 12 metre eaves height at the larger end of the ‘mid box’ range;
  - Electric loading doors;
  - Fully enclosed secure yard;
  - Planning consent for B1 (E Use Class as of 1st September 2020), B2 and B8 uses;
  - Good access to the M54 and/or A5;
  - Sufficient power supply for the occupiers’ requirements;
  - EPC – A Rating;
  - Site coverage of no more than 40%;
  - An office content of no more than 10% of GIA, including welfare accommodation;

- High speed broadband connectivity.

### **Building Specifications - Offices**

- 9.71 As previously discussed, achieving a Net Zero Carbon footprint is becoming increasingly important to investors, developers and occupiers. With regards to office buildings, sustainable buildings in London have shown rental premiums of 6% to 11% for sustainable buildings, with vacancy rates being lower in buildings with an Outstanding/Excellent BREEAM rating compared to those that were rated as ‘Very Good’. Demand for sustainable office space is rapidly increasing due to more and more companies signing up to science-based sustainability targets. We recommend that sustainability initiatives should be at the forefront of any new development, or the refurbishment of existing space, with the aim of achieving a net zero carbon footprint.
- 9.72 The full impact of the Covid-19 Pandemic on the office sector is not yet known; therefore, it is difficult to identify the specification of any future office development. However, prior to the onset of the Covid-19 Pandemic we would recommend the following for any new office development, or office refurbishment in Shropshire:
- Net Zero Carbon - Sustainability is increasingly important to corporate occupiers and should be embedded in the design criteria for the building;
  - BREEAM Rating – Excellent if this is achievable;
  - EPC – ‘A’ rated if this is achievable;
  - Entrance / reception with good quality finishes and secure access to passenger lifts, circulation stairway and toilet accommodation;
  - Ladies / Gents and Disabled toilet and shower / changing provision;
  - Cycle provisions including secure cycle storage;
  - Offices to a design density of 1 person per 8 sq. m;
  - 2.7 m floor to ceiling height within offices;
  - 150 mm raised access floor;
  - Good natural daylight in the workspace;
  - Noise mitigation measures;
  - Ducted VRF comfort cooling and heating;
  - Car Parking – Ideally close to 1:200 sq. ft with a minimum of 1:250 sq. ft however mindful of potential planning limitations. Availability of car parking in an adjacent MSCP on a contract basis is a necessity if on-site car parking is limited;
  - Changing rooms;
  - Ad hoc / informal break out spaces;
  - High speed broadband.

### **Identification of policies to support a range of employment uses**

- 9.73 To meet the future requirements for office and industrial/warehousing floorspace in Shropshire, it will be necessary for the Council to make choices about which employment sites to protect or allocate for employment development or which to bring forward as mixed-use schemes either in part or whole. These judgements need to consider:
- the local benefits of B class employment sectors and the need to sustain a diversified and resilient economy that is able to capitalise on economic growth opportunities as they arise;

- the economic and market outcomes that would arise if particular sectors become displaced from the economy, or are otherwise constrained from expanding in the area;
- the need to promote growth in high value employment roles / jobs that require a skilled workforce in Shropshire and that meet the aspirations of resident workers, reducing the need to commute to Telford, the Black Country and beyond; and,
- the requirement to set targets for delivery of new B class employment space particularly on strategic sites along the M54 Corridor to provide clarity and certainty for developers, which will require a practical assessment of what the market can deliver at any point in time.

9.74 For mixed-use allocations, masterplans and delivery strategies should be developed to help ensure that the indicative quantum of employment floorspace/land suggested is delivered in practice over the plan period. Without this additional clarity, these sites could present a higher risk in terms of their ability to meet business needs in Shropshire.

9.75 In order to ensure a flexible and responsive policy framework for Shropshire, it will be necessary to not just concentrate on meeting the forecast quantitative requirements for office and industrial space in the area, which will fluctuate over time, but to reflect on the opportunities and risks that flow from particular policy approaches. This could include how the delivery of office/industrial employment land can be prioritised in particular areas and for particular uses, or how scope can be created to deliver inward investment opportunities for Shropshire, in particular by drawing on and capitalising on the growth opportunities provided by the M54 Corridor and the activities of the Marches LEP.

9.76 In this regard, Shropshire has a number of business sectors and clusters that are performing well with extremely successful companies operating in and around the County. The Council's strategy for these key sectors is to work with companies investing in these enterprises and to support their growth in the competitive national and international economy. As per the discussion set out in the Policy On modelling Scenario in Section 8.0, it will be important to ensure these companies find the locations and expansion opportunities they seek and can invest in the following activities:

- Advanced manufacturing including engineering, agri-food and agri-tech;
- Food and drink processing;
- Health and social care; and
- Environmental science and technologies.

### **Measures to facilitate development**

9.77 The future growth scenarios considered in this study indicate the broad scale and type of growth associated with different approaches to modelling economic development needs and requirements for Shropshire over the period 2016-2038. To varying degrees, these scenarios reflect both the indigenous growth needs in Shropshire as well as a degree of footloose demand that operates within a wider sub-regional market (for example the provision for an additional 30 ha of unmet need for the Black Country). In the context of the NPPF and PPG, the policy approach adopted by the Council should aim to positively plan to support the economic development needs of Shropshire so that the local economy is not unduly constrained over the plan period, but also recognises the issues around land supply and competing pressures on available development sites.

9.78 In order to ensure a flexible and responsive policy framework for the County, it will be necessary to not just concentrate on meeting the forecast quantitative requirements for office, industrial and warehousing space in Shropshire, which will fluctuate over time, but to reflect on the

opportunities and risks that flow from particular policy approaches. This could include how the delivery of business space can be prioritised in particular areas and for particular uses, or how scope can be created to deliver inward investment opportunities for Shropshire. For example, by drawing and capitalising on the growth opportunities provided by the M54 Corridor and the activities of the Marches LEP.

- 9.79 Any supply-side studies and assessments that may be undertaken as part of the Local Plan evidence base should assess the quality and fitness for-purpose of employment, retail and leisure land supply across Shropshire alongside, if necessary, a more detailed analysis of the high level qualitative supply-side issues identified by JLL as part of their assessment.
- 9.80 The PPG requires LPAs to regularly review short-term changes in economic market conditions and it will be important that Shropshire Council closely monitors the pace, scale and location of commercial floorspace change, requirements and delivery over time, and consider this within the context of the demand-side evidence presented within this study. This process would benefit from closely working with local business sectors to understand their aspirations for new employment floorspace.
- 9.81 In this context, it is important that planning for office, industrial, retail and leisure employment growth in Shropshire is balanced against pressures from other land uses. The key uses compete with a wide range of other commercial uses (which fall outside the remit of this study), some of which may also generate benefits to Shropshire's economy or have identified needs that the NPPF indicates should also be duly supported. The new E Class use also presents some challenges in this respect as it may be harder to prevent the loss of office and light industrial floorspace, both of which are seen as being key to driving economic growth in the County over the coming years.
- 9.82 Alongside provision of new supply, upgrading and renewal of the Council's ageing existing stock of office accommodation will also be important. It will not only ensure that this space remains attractive to the market but may also provide the opportunity to create some additional supply. This may comprise redevelopment, but qualitative improvements can also be delivered through refurbishment of existing inter-war buildings (to an extent).
- 9.83 Barriers to the redevelopment of industrial premises in Shropshire include weaker viability on sites that are not located in prime locations near to the wider Motorway network away from Telford and Shrewsbury. A greater proportion of lower quality premises in the north and west of the County may mean that standards provided by landlords are often lower than is achieved in stronger market areas to the east. Better utilisation of the stock on such sites could be achieved either through gradual redevelopment of individual plots (e.g. replacing a large older unit with development of modern small units, particularly 'move on' workspace for which there is good demand), or the sub-division of larger units.
- 9.84 Based on experience elsewhere, qualitative improvements on the larger estates could also include the stripping and repainting of older industrial units, and making environmental, security and traffic management improvements. Similar processes of gradual upgrading could be encouraged in larger industrial areas to ensure they can make a positive contribution to meeting some of Shropshire's future growth requirements.
- 9.85 There may also be some potential to explore different funding sources to enable SMEs to upgrade premises or develop new premises if the market does not deliver these improvements. This could be through either gap funding assistance or de-risking improvements through up-front finance. This could include a number of forms of direct Council or Marches LEP financial support, such as a Business Improvement Grant, and direct lending to small firms and/or mortgage support. Such measures may be harder to fund in the current economic climate (given

the considerable uncertainty regarding the Pandemic and Brexit) but could be worthwhile future actions.

- 9.86 It may be appropriate to explore opportunities to de-risk planning issues for certain types of development, in a way that is appropriate to the site context. This could include, for example, Local Development Orders [LDOs], design codes, or other forms of planning brief to provide greater certainty on the types of development that will be supported by Shropshire Council.
- 9.87 LDOs allow Councils to identify specific areas or sites where express planning permission is not required for certain types of development. Examples applying to industrial estates could include alterations or certain levels of extensions to premises, construction of new employment premises within specified limits, and some types of change of use. In some situations, this approach could provide benefits to occupiers or developers through greater flexibility, speed, certainty of outcome and reduced cost.
- 9.88 The market alone is unlikely to deliver these improvements. Encouragement for owners and developers may be necessary, and could be aided by a range of planning and economic development interventions including:
- 1 An emerging Local Plan policy encouraging such forms of upgrading, although this will only work in combination with other actions;
  - 2 Continued and stronger Local Plan policy protection for certain industrial sites (reducing the potential for residential 'hope value' pricing out development);
  - 3 Local initiatives to publicise to local companies some case studies of successful upgrading of business premises, including costs, local contractors involved and rental or other benefits achieved;
  - 4 Encouragement of mixed-use developments to help facilitate and cross-subsidise the creation of office/industrial premises; and
  - 5 Shropshire Council EDOs engaging with owners on the upgrading of their premises.

## 10.0 Conclusions and Recommendations

- 10.1 This report provides Shropshire Council's employment land development needs evidence base to inform its emerging Local Plan. In light of the Pandemic, and the uncertainties surrounding the consequences of Brexit, Lichfields has constructed a series of scenarios that factor in (as best we can, given the constantly shifting nature of the economic crisis) our understanding of the local impacts of the Pandemic within Shropshire, based on the latest available data. This included an analysis of the latest econometric forecasts for how Shropshire's economy may change and the effect on different commercial and industrial sectors over the short and medium-term. In line with the Framework, it addresses the requirement set out in paragraph 20 which states that plans and decisions should be based on up-to-date and locally specific evidence.
- 10.2 This report has appraised a range of employment land projections for Shropshire using a variety of methodologies in accordance with the PPG. It has used the latest modelling data from Experian; labour supply scenarios including the recently updated standard methodology for calculating housing need; and updated past take up rates and losses data.
- 10.3 Six different scenarios of future employment space requirements were considered based on a range of lower and higher growth conditions that could arise in the future, plus a sensitivity test based on past trends jobs growth. The Experian baseline scenario (Scenario 1) forecasts a much lower level of job growth than has been experienced in recent years, of 16,700 net workforce jobs between 2016 and 2038. This equates to a CAGR of just 0.48% growth annually, well below the 0.978% recorded in Shropshire over the period 1997 to 2016. If this higher CAGR were applied to the 2016 workforce jobs growth figure, this would suggest a growth of 35,637 workforce jobs over the 22-year plan period, more than double Experian's latest forecasts.
- 10.4 The Regeneration Scenario accelerates certain key industrial growth sectors identified in the Marches' Strategic Economic Plan, refined following discussions with the Council's Economic Development Officers and prospective infrastructure projects which are likely to have a positive impact on employment growth in the County. This resulted in a net job growth of 19,677 to 2038, which is almost 3,000 jobs higher than the baseline (although only around 1,000 of this difference relates to office, industrial and warehousing jobs).
- 10.5 The indicative labour supply projections were calculated based upon the 2014-based SNPP, the Government's newly revised SM for calculating housing need for Shropshire (1,177 dpa), plus an adjustment to get to the 1,400 dpa emerging Local Plan housing target. The net job growth ranged from 1,979 using the 2014-based SNPP, uplifted to 7,538 based on the standard methodology, to 12,145 factoring in the additional 4,906 dwellings resulting from the housing requirement of 1,400 dpa. The labour supply employment land requirements range from 128 ha to 151 ha (gross).
- 10.6 Past take up, which aligns with the former 'predict and provide' approach to identifying employment land needs, indicates that the Council has been very successful in attracting new companies to the area, with a total of 126.65 ha of employment land delivered over the past 13 years. This equates to 9.74 ha per annum. Projected forward, this results in a need for 234 ha gross, including an allowance for a flexibility factor/margin of choice.
- 10.7 JLL's market analysis has concluded that there is a shortage of employment land available for development in the short to medium term, with those consulted stating that employment land has often been lost to residential development. The current growth seen in e-commerce (which is not reflected in the historical record or Experian job growth projections to the fullest extent),

combined with increased ‘on-shoring’ has driven demand in the industrial and logistics market across 2020.

- 10.8 This growth in demand represents an excellent opportunity for Shropshire; however, the lack of land available for employment development in the short to medium term may lead to Shropshire being unable to capitalise on this opportunity, and as a result lead to a further loss of potential occupiers to competing areas.
- 10.9 **Consequently, on the basis of these considerations, it is recommended that Shropshire’s employment land need should comprise a range of between 128 ha to 234 ha between 2016 to 2038 (including flexibility). This range assumes a significant allowance for the replacement of losses. Council officers will need to take a decision regarding the extent to which additional provision should be planned for, and whether the gross requirement should be reduced accordingly. The range would reduce by around 35 ha if a lower loss replacement figure of, say, 2.6 ha were used (reflecting the losses in the pipeline, rather than a combination of past trends and churn replacement). This would be a judgement for Shropshire Council to make and hence the gross figures are indicative only.**
- 10.10 This 128-234 ha (gross) range equates to the current 2014-based SNPP labour supply scenario (3) at the lower end, and the Past Take Up Scenario (6) at the upper end. These land requirements are driven particularly by strong requirements for land for light industrial and offices uses, which is consistent with both past completions and sectors forecast to grow strongly in the Experian projections (and key target growth sectors in the SEPs).
- 10.11 It is further suggested that the following indicative split of office/industrial employment space could be appropriate for Shropshire over the period 2016 to 2038:
- 1 **25% for office; and,**
  - 2 **75% for industrial/distribution.**
- 10.12 This balances the high levels of industrial land that have come forward for development in recent years (c.80% of the total amount of employment land take up since 2006/07) against the much stronger growth prospects for traditionally office-based sectors (with the Policy On Scenario identifying a net requirement for around 27% of floorspace for office uses).
- 10.13 The considerable uncertainty regarding changing work practices presented by the Pandemic and further uncertainties concerning the implications of Brexit means that these conclusions should be revisited by the Council and monitored as and when new data on the fallout from the ‘new economic normal’ becomes more clearly apparent in the years to come.
- 10.14 The selection of the final employment land requirement will depend upon the preferred level of employment growth for Shropshire and the extent to which Officers consider that this aligns with the Council’s growth aspirations, including the need to reduce net out commuting and balancing economic considerations with housing needs. The level of employment growth will be based upon the identification of policy aspirations relating to the promotion of key sectors in accordance with the economic and spatial vision for the area.
- 10.15 Furthermore, given the scale and urgency of the Big Box logistics e-commerce issue nationwide, if the opportunity arises the Council may wish to give consideration to participating in a further strategic study to quantify the likely extent of strategic B8 logistics need across the wider sub-region including Telford and the ABCA’s. This future study should seek to quantify the exact scale of large-scale strategic B8 in the wider area and identify specific sites where this need should be allocated.



- 10.16 Related to this, further to discussions with the Black Country Authorities as part of their ongoing plan making process, it is understood that **an additional allowance of up to 30ha of employment land** will be provided in the emerging Shropshire Local Plan specifically to support the employment needs of the emerging Black Country Plan, where evidence indicates employment delivery opportunities are constrained. The Council considers that this reflects a positive approach to cross boundary cooperation and responds to the functional relationship between the two areas.
- 10.17 This 30 ha provision would be in addition to the 128 ha – 234 ha of indigenous need identified specifically for Shropshire in Section 8.0 (**bringing the Plan requirement to between 158 ha and 264 ha**).
- 10.18 At 1<sup>st</sup> April 2019, the identified supply within Shropshire currently stands at around 245 ha (as of 31<sup>st</sup> March 2019), of which 106 ha relate to extant permissions for employment sites, plus a further 139 ha of as yet undeveloped employment land allocations. To this, the Council includes an additional 5.14 ha of windfall sites per annum. In addition to this, we would need to add the completions that have already taken place over the 2016-2038 plan period to 31<sup>st</sup> March 2019. According to Council records, this totals 30.61 ha, bringing the total supply up to around 276 ha.
- 10.19 The identified need set out in Section 8.0, plus the 30 ha additional allowance to address unmet needs arising from the Black Country authorities, is a (gross) range of between 158 ha and 264 ha. Therefore, depending on where within this range Shropshire Council chooses to sit, this would indicate either an over-supply of 118 ha, or 12 ha, in quantitative terms at least.
- 10.20 This demand/supply analysis assumes that the authority’s undeveloped employment allocations come forward in their entirety for employment development over the plan period, and that all extant B-Class employment land planning permissions will be developed. Any significant deviation from this broad assumption would have an impact upon the overall balance, for example by tightening the existing surplus of employment space or resulting in an increase in the shortfall under some of the more optimistic scenarios.

### **Policy Implications**

- 10.21 To meet the future requirements for office and industrial floorspace in Shropshire, it will be necessary for the Council to make choices about which employment sites to protect or allocate for employment development or which to bring forward as mixed-use schemes either in part, or whole. These judgements need to consider:
- the local benefits of office/industrial employment sectors and the need to sustain a diversified and resilient economy that is able to capitalise on economic growth opportunities as they arise;
  - the economic and market outcomes that would arise if particular sectors become displaced from the economy, or are otherwise constrained from expanding in the County;
  - the need to promote growth in high value employment roles/jobs that require a skilled workforce in Shropshire and that meet the aspirations of resident workers; and,
  - the requirement to set targets for delivery of new employment space particularly on strategic sites to provide clarity and certainty for developers, which will require a practical assessment of what the market can deliver at any point in time.
- 10.22 For mixed-use allocations, masterplans and delivery strategies should be developed to help ensure that the indicative quantum of employment floorspace/land suggested is delivered in practice over the plan period. Without this additional clarity, these sites could present a higher risk in terms of their ability to meet business needs in Shropshire.

- 10.23 To ensure a flexible and responsive policy framework for Shropshire, it will be necessary to not just concentrate on meeting the forecast quantitative requirements for office and industrial space in the area, which will fluctuate over time, but also to reflect on the opportunities and risks that flow from particular policy approaches. This could include how the delivery of employment land can be prioritised in particular areas and for particular uses, or how scope can be created to deliver inward investment opportunities for Shropshire, in particular by attracting and, capitalising on, the growth opportunities provided by the M54 Corridor, generated by positive strategic planning policies and promotional activities targeting potential inward investors.



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