



Black Country Economic Development Needs Assessment (EDNA) 2022

FINAL REPORT

A Report for



Contents

1. Introduction.....	1
2. Policy Context.....	3
3. Review of the Black Country FEMA	18
4. Overview of the Black Country's socio-economic context.....	24
5. Property Market Context	39
6. Future Employment Needs in the Black Country	44
7. Supply of Sites for Employment Use within the Black Country.....	58
8. Conclusions and next steps	61
Appendix A: Time Series Forecasting	63
Appendix B: Economic Scenarios.....	65

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List of Figures

Figure 3.1: Black Country FEMA and other close market areas	18
Figure 3.2: Black Country - inflows and outflows of workforce.....	19
Figure 3.3: Black Country Commuting Flows on TTWA Threshold Criteria.....	20
Figure 3.4: Employment in/out of the Black Country - Residents	20
Figure 3.5: Employment in/out of the Black Country - Workplace Population.....	20
Figure 3.6: Dudley - inflows and outflows of workforce	21
Figure 3.7: Sandwell - inflows and outflows of workforce	21
Figure 3.8: Walsall - inflows and outflows of workforce	22
Figure 3.9: Wolverhampton - inflows and outflows of workforce	22
Figure 4.1: Employment by District and Wards in the Black Country, 2020.....	24
Figure 4.2: Employment by Sector in the Black Country, 2020	25
Figure 4.3: Sector Employment Change in the Black Country 2015-2020	26
Figure 4.4: Employment Growth in the Black Country, 2015-2020	27
Figure 4.5: Employment Location Quotients, 2020	28
Figure 4.6: Company Count Location Quotients, 2021	29
Figure 4.7: Change in GVA in the Black Country (2019 value), 1998 – 2020	30
Figure 4.8: GVA per Head (Working Age – 2019 pounds) 1998 – 2020	31
Figure 4.9: Key Economic Facts and Figures by Black Country District	31
Figures 4.10: Black Country Unemployment and Deprivation Indicators 2019.....	32
Figure 4.11: Population - Age Profile	32
Figure 4.12: Population Change in the Black Country, 2011 -2021	33
Figure 4.13: Projected Growth in Population in the Black Country, 2018-2043.....	33
Figure 4.14 Projected Change in the Population by Age Group, 2018-2043	34
Figure 4.15: Qualifications of Black Country Residents.....	34
Figure 4.16: Percentage Difference in Qualifications of Black Country Residents between 2015 and 2021	35
Figure 4.17: Skills Profile of Black Country Residents Aged 16-64.....	35
Figure 4.18: Skills Profile of Black Country Residents Aged 16-64, between 2015 and 2021.....	36
Figure 4.19: Employment Change in the Black country, 2014 - 2021.....	36
Figure 4.20: Employment Structure in the Black Country.....	37
Figure 4.21: Average Weekly Pay for Full-Time Workers in the Black Country.....	37
Table 5.1: West Midlands supply and demand for the industrial and logistics market, 2022	40
Table 5.2: Rent per sq ft in the West Midlands.....	41
Figure 6.1: Black Country Local Authorities - Total Employment (000s) Forecasts	44
Figure 6.2: Black Country Local Authorities - Employment (000s) Forecasts, 2019 - 2040	45
Figure 6.3: Black Country Local Authorities - GVA Forecasts, 1991-2040.....	45
Figure 6.4: Black Country Local Authorities - GVA Forecasts, 2019-2040	46
Figure 6.5: Black Country – Manufacturing Employment, 2019 – 2040	46
Figure 6.6: Black Country – Logistics Employment, 2019 – 2040	47
Figure 6.7: Black Country Local Authorities – Manufacturing Employment, 2019-2040.....	47
Figure 6.8: Black Country Local Authorities – Logistics Employment, 2019-2040.....	47
Figure 6.9: Black Country Local Authorities – Manufacturing GVA, 2019-2040	48
Figure 6.10: Black Country Local Authorities – Logistics GVA, 2019-2040	48
Table 6.2: Black Country forecast growth 2019-2040 – top five sectors.....	49

Figure 6.11: Original Forecasts vs New Set of Oxford Economics Forecasts for GVA	49
Figure 6.12: Trends/Index of GVA up to 2040 for the Black Country	50
Figure 6.13: Trends/Index of Industrial GVA up to 2040 for the Black Country	50
Table 6.3: Industrial Requirements based on past completions (ha) 2020-2040.....	52
Table 6.4: Estimated industrial land requirements in the Black Country	52
Regional Forecasts Model 2020-2040.....	52
Table 6.5: GVA and land requirements - manufacturing uses	53
Regional Forecasts Model 2020-2040.....	53
Table 6.6: GVA and land requirements - Logistics (Warehousing / Distribution) type uses	53
Regional Forecasts Model 2020-2040.....	54
Table 6.7: Estimated industrial land requirements in the Black Country	54
Regional Forecasts Model 2022-2040.....	54
Table 6.8: GVA and land requirements - manufacturing uses	54
Regional Forecasts Model 2022-2040.....	54
Table 6.9: GVA and land requirements - Logistics (Warehousing / Distribution) type uses	55
Regional Forecasts Model 2022-2040.....	55
Table 6.10: Estimated industrial land requirements in the Black Country	55
Time Series Model 2022-2040	55
Table 6.11: GVA and land requirements - manufacturing uses.....	55
Time Series Model 2022-2040	55
Table 6.12: GVA and land requirements - Logistics (Warehousing / Distribution) type uses.....	56
Time Series Model 2022-2040	56
Table 6.13: Total industrial land requirements (ha).....	57
Table 6.14: Total industrial land requirements per annum (ha).....	57
Table 6.15: Estimated total industrial land requirements 2020-2040	57
Table 6.16: Industrial land requirements (ha) by BCLA 2020 – 2040 and per annum (p.a.)	58
Figure 7.1: Sites Reviewed for Employment Use within the Black Country	59
Table 7.2: Supply of sites for Employment Use within the Black Country to 2020-2040	59
Current and Potential	59
Table 8.1: Balance of employment land demand and supply by local authority 2020-2040 (ha)	61

1. Introduction

- 1.1. The principal aim of this report is to provide updated evidence regarding the economic and employment land demand estimates in the Black Country. This assessment provides an update of the 2017 EDNA and the 2021 revision of the EDNA while also drawing on new economic forecasts produced post-pandemic.
- 1.2. The 2022 EDNA aims to establish the objective assessment of employment land needs for the Black Country to 31 March 2040 (a twenty-years' planning period) and was commissioned to inform the Black Country Plan which is a joint Local Plan by the four Black Country Local Authorities of Dudley, Sandwell, Walsall and Wolverhampton. **In October 2022 the Councils agreed not to proceed with the Black Country Plan and for the individual local authorities to prepare their own individual Local Plans.** As a result, this report will now inform the preparation of those Local Plans and the approach that the Council's take to meet the Duty to Cooperate across the Black Country Functional Economic Area (FEMA).
- 1.3. [The development plan](#) is at the heart of the planning system with a requirement set in law that planning decisions must be taken in line with the development plan unless material considerations indicate otherwise. Plans set out a vision and a framework for the future development of the area, addressing needs and opportunities in relation to housing, the economy, community facilities and infrastructure – as well as a basis for conserving and enhancing the natural and historic environment, mitigating and adapting to climate change, and achieving well designed places. It is essential that plans are in place and kept up to date.
- 1.4. The evidence provided in this report focuses on the Black Country and provides information for each BCLA, where available, with the main elements of the updated EDNA including:
 - Review and presentation of the latest national, regional and local policy context.
 - Review of the latest socio-economic characteristics of the Black Country.
 - Review of the Black Country FEMA and functional relationships between the Black Country Local Authorities (BCLAs) with neighbouring authorities.
 - Forecast of future needs – drawing on a range of estimates and scenarios for future economic and employment growth in the Black Country (drawing on projected trends, economic forecasts prepared by Oxford Economics, growth plans in the West Midlands and consideration of the potential impacts of the UK exit from the European Union and Covid-19).
 - Identification of future employment land needed to reflect the levels of forecast of both employment and Gross Value Added.
- 1.5. The report is structured as follows:
 - [Section 2](#) provides an overview of the policy context including national policies with implications for land uses in the Black Country;
 - [Section 3](#) provides an overview of the Black Country Functional Economic Market Area (FEMA) including additional detail relating to the individual BCLAs;

- [Section 4](#) summarise the key socio-economic characteristics of the area;
- [Section 5](#) reviews most recent property trends;
- [Section 6](#) future employment space requirements in quantitative terms, drawing on employment and GVA growth forecasts and past developments;
- [Section 7](#) presents the current and planned supply of land in the Black Country; and
- [Section 8](#) draws conclusions and makes recommendation on how any shortfall of land could be addressed through the Duty to Cooperate.

2. Policy Context

- 2.1. The broad economic and spatial context for the Black Country as a whole is defined by the latest national and local strategic documents. These include the Black Country Strategic Economic Plan (SEP)¹, the Black Country Economic Recovery Prospectus, the Black Country Economy of Together 2030 Action Plan², the 2011-2026 Core Strategy³, work on the Black Country Plan 2039⁴ (the joint Local Plan prepared by the four Black Country Authorities (BCAs) of Dudley, Sandwell, Walsall and Wolverhampton), and the First Report of the West Midlands Land Commission produced for the West Midlands Combined Authority (WMCA), and The Midlands Engine. Other relevant documents include, at the regional level, the WMCA 'West Midlands Plan for Growth'⁵ and at the sub-regional level 'The Black Country Economy of Together 2030'⁶ and national policies relating to energy, logistics and freight. A brief description of the main points arising from these documents is provided in this chapter.

Main sub-regional strategic documents

The Black Country SEP 'Made in the Black Country, sold around the world'

- 2.2. The 2014 Black Country SEP set out the vision to grow the economy of the area by capitalising on the Black Country's core strengths around High Value Manufacturing (HVM), achieving a total of £25 billion Gross Value Added (GVA) by the end of 2033 i.e. an increase of £7.8 billion to the UK economy. The refreshed SEP (March 2017)⁷ reiterated the commitment of the area to increasing the number of jobs by 127,860 (from a baseline of 441,900), increasing the housing stock by a minimum of 42,480 new homes and nearly doubling the business birth rate.
- 2.3. To successfully meet the vision set out in the SEP, the Black Country looked to focus on transformational and enabling sectors of the economy:
- **Transformational** sectors are those which can achieve regional economic growth and give the Black Country a comparative advantage to other regions through building on the region's key strengths and include: Advanced Manufacturing, Building Technologies,

¹<https://www.blackcountrylep.co.uk/upload/files/BC%20SEP/Black%20Country%20Strategic%20Economic%20Plan.pdf>

² <https://www.blackcountrylep.co.uk/upload/pdfs/bf9a74ce-3552-40e6-920c-fe9881ef0250.pdf>

³ Black Country Core Strategy

<http://blackcountrycorestrategy.dudley.gov.uk/EasysiteWeb/getresource.axd?AssetID=198681&type=full&serviceType=Attachment>.

⁴ <https://consultation.wolverhampton.gov.uk/regeneration/draft-black-country-plan-2039/>. The public consultation on Draft Black Country Plan (Regulation 18) took place between 16 August to 11 October 2021. Notes: i) The National Planning Policy Framework (NPPF) was revised on 20th July 2021. The Black Country Draft Plan and associated documents were all approved for consultation at the four Black Country Authority cabinets on 5th and 7th July 2021. Therefore, the consultation documents did not take account of the revised NPPF; ii) Additional Walsall-only consultation took place between Monday 11th July 2022 and Monday 5th September 2022 on the Draft Black Country Plan and accompanying Sustainability Appraisal (following a review of the representations there are three more potentially suitable housing sites in Walsall, which require consideration and should follow the same consultation process as the other sites).

⁵ <https://wmca.euwest01.umbraco.io/media/vd3fjeot/plan-for-growth.pdf>

⁶ <https://www.blackcountrylep.co.uk/upload/pdfs/bf9a74ce-3552-40e6-920c-fe9881ef0250.pdf>

⁷

<https://www.blackcountrylep.co.uk/upload/files/BC%20SEP/Black%20Country%20Strategic%20Economic%20Plan.pdf>

Transport Technologies, Business Services and Environmental Technologies. In particular, a key aim of the SEP is to strengthen Black Country presence within Aerospace, Automotive and Building Technologies Sectors. These sectors are set to grow both nationally and globally. The Black Country's excellent location and proximity to supply chains/economic clusters can give a comparative advantage over other regions that do not have the same strengths. Furthermore, the aerospace industry is already an area of strength where the Black Country produces 20% of the UK's aerospace output; and, growth of this sector would therefore lead to regional economic growth and job growth.

- **Enabling** sectors are those which are important to improve quality of life within the Black Country and help to support transformational sector growth and the wider economy, and include: Retail, the Visitor Economy, Sports, Health and the Public Sector including education and skills.
- 2.4. It is worth noting that in July 2014 the Black Country SEP secured £138 million from central government to deliver a six year economic regeneration programme running from 2015 to 2021.⁸ In January 2015 the Government extended this sum by £24 million to be invested between 2016 and 2021. This investment from Government was expected to bring forward at least £400 million of additional investment from local partners and the private sector, creating a total new investment package of £562 million for the Black Country.
- 2.5. The Black Country SEP document remains a key strategic document for the sub-region outlining the vision for the Black Country alongside the sub-regional Economic Recovery Prospectus and the Black Country Economy of Together 2030 Action Plan.

Black Country Economic Recovery Prospectus

- 2.6. Covid-19 forced a re-set in Black Country businesses, education institutions, councils and other local institutions. As a response to this the Black Country LEP released The Black Country Economic Recovery prospectus in 2020⁹. The prospectus was backed by a five-point recovery plan as follows:
- **Point One - Backing Black Country Businesses.** A Productivity Factory to be established which will give the leaders of SMEs the support needed to succeed in a changing and uncertain business environment as a result of both coronavirus and the UK's departure from the EU. This will strengthen nationally important supply chains in manufacturing, logistics, construction, including low carbon technologies, and health. The Productivity Factory will develop business leadership, enable businesses to benefit from digital technologies (including 5G and Industry4.0) and support green, inclusive growth. Under this point, **it is stated that the next phase of the employment land programme will meet the demand from business for high quality sites and premises in six prime locations across the Black Country.** The LEP will also harness the power of social enterprise to create opportunities for new jobs, services and engagement.
 - **Point Two – Delivering Skills for today and the future.** The Black Country Employment Support Service, building on existing local best practice, will respond rapidly to help people made redundant as a result of the lockdown to return to work. It will ensure that

⁸ <http://www.blackcountrylep.co.uk/upskilling-growth/plans-for-growth/black-country-growth-deal/>

⁹ <https://www.blackcountrylep.co.uk/our-strategy/black-country-recovery-prospectus/>

every young person has the advice and support she or he needs to access work or continue education and training. As businesses adapt to changing markets the Skills Factory will tailor its bite-sized provision to give businesses and residents the new skills they need. The LEP will invest today in skills for the future by providing modern places for learning and engagement through major developments such as the Wolverhampton City Centre Learning Quarter, the Institute of Transformational Technologies a new Health and Social Care Innovation Hub, the Bilston City Learning Quarter, the Black Country and Marches Institute for Technology and the Black Country Screen School.

- **Point 3 – Nurturing Green Growth.** The Very Light Rail (VLR) Innovation and Rail Park¹⁰ is to ensure that Black Country businesses are best placed to exploit new opportunities in the very light rail sector. The launch of 'Repowering the Black Country'¹¹ will mark the start of a ten-year plan to create a zero-carbon industrial base cutting both carbon emissions and energy costs.
- **Point Four – Vibrant, Safe and Healthy Places.** The Garden City programme is expected meet housing need, creating sustainable communities, invigorating the town and pioneering the use of modern methods of construction. The National Brownfield Institute will help make faster progress in the Black Country and share learning and expertise nationally. Transport improvements will be invested in to take advantage of the Metro extension, strengthen the rail network, reduce the impact of congestion on productivity and the environment and significantly improve access to electric vehicle charging points. The use of digital technologies will be supported through the extension of the West Midlands 5G Application Accelerator to the Black Country and the University of Wolverhampton Digital Innovation Programme.
- **Point Five – Mobilising Devolution and Public Service reform.** This programme of action is about reinvigorating the economic power of the Black Country through the West Midlands Combined Authority's devolution agreement and its Recovery Plan.

Black Country Economy of Together (EOT) 2030

- 2.7. In 2021 the Black Country LEP released its Economy of Together (EOT) 2030 action plan¹². The plan defines the Black Country's vision and collates the short, mid-term and long-term actions the Black Country LEP, Local Authorities and other key partners are undertaking to make a difference to communities by the end of the decade.
- 2.8. EOT 2030 is an integral part of the Black Country recovery and growth plans, influencing every facet of the economy and society. This is reflected in the diversity of the four pillars of focus for EOT 2030, the themes by which the action plan brings together actions that key partners are undertaking and include:
 - a. **Equalities:** Enabling equality of opportunity and local institutions that all reflect the diversity of our population, while championing economic growth that is inclusive and drives equitable outcomes.

¹⁰ <https://www.dudley.gov.uk/news/vlr-test-track-facility-opens/>

¹¹ <https://www.blackcountrylep.co.uk/our-strategy/place/repowering-the-black-country/>

¹² <https://www.blackcountrylep.co.uk/our-strategy/the-black-country-economy-of-together/>

- b. **Education:** Integrating diversity, fairness and equal opportunities into the LEP's educational involvement, including outcomes from local educational institutions.
 - c. **Enterprise:** Investing responsibly and locally, enabling the growth and success of social enterprises and entrepreneurs.
 - d. **Environment:** Creating a healthier, active Black Country that delivers on net-zero ambitions and tackles structural inequalities within physical and mental wellbeing.
- 2.9. The EOT 2030 action plan is built around these 4 Es, building on existing work and new ideas across the sub-region. These pillars intersect each other in the local ecosystem, rather than operating in silos. One specific area – health – has a particularly important cross-cutting influence. This is for a number of reasons:
- Evidence increasingly points to many health outcomes – everything from life expectancy to infant mortality and obesity – as being tightly linked to the level of economic inequality within a given population.
 - The Covid-19 pandemic has provided the world with a reality check on the importance of health and how critical health systems are to human resilience and protecting life.
 - The NHS is a key local stakeholder – a major employer, purchaser and deliverer of essential public services. As part of a wider local health and public service system, it can be used to catalyse wider action across all four pillars.

The Black Country Plan 2039

- 2.10. The Black Country Plan (BCP) was progressed as the key spatial planning document setting out the wider ambitions and goals of the BCLAs and their partners. The vision of “Creating a prosperous, stronger and sustainable Black Country” was set to be delivered via progress towards the achievement of eight objectives. The relationship between these objectives is illustrated in Figure 2.1.
- 2.11. To assist in the delivery of the vision and objectives, 15 strategic priorities had been identified, which form the basis of individual policies contained in the BCP. Strategic Priorities 7 and 8 are of relevance to the EDNA and aim to deliver the objective of **‘Enabling a strong, stable and inclusive economy’**. These are:
- Strategic Priority 7: **To provide a balanced portfolio of employment sites and to protect and enhance existing sustainable employment areas to support the development of key employment sectors and enable existing businesses to expand.**
 - Strategic Priority 8: **to enable communities to share the benefits of economic growth through securing access to new job opportunities and enhanced skills and training programmes.**

Figure 2.1: Black Country Authorities Vision and Objectives 2039

	Climate Change	
Housing that meets all our needs	Create a prosperous, stronger, and sustainable Black Country	Promoting sustainable transport and active travel
Improving the Health and Wellbeing of residents and promoting social inclusion		Enhancing our natural and built environment
Enabling a strong, stable, and inclusive economy		Meeting our resource and infrastructure needs
	Enhancing the vitality of our centres	

- 2.12. The evidence base for employment land policies related to the above primarily consist of a two stage Economic Development Needs Assessment (EDNA)¹³ and the Black Country Employment Area Review (BEAR)¹⁴. Both documents have been prepared on the principles of the National Planning Policy Framework (NPPF). Building a strong, responsive, and competitive economy is one of the three overarching objectives of the NPPF. This should be achieved by ensuring that sufficient land of the right type is available in the right place and at the right time to support growth, innovation, and improved productivity; and by identifying and co-ordinating the provision of infrastructure.
- 2.13. To support the ongoing growth of the distribution sector and a strong resurgence in manufacturing, the EDNA recommended that BCP should provide for a minimum of 565ha of land for employment development for the period up to 2039, based on an average of 26.4ha per annum and allowing for the replacement of some poorer quality employment land and premises redeveloped for non-industrial uses. The BCP allocates 280ha of employment land for the period between 2020 - 2039 and provides for a further 69ha of development to come forward through the redevelopment of existing employment land and premises. Further land is provided on other sites that have planning permission for employment development. Overall, this provides for 365ha in total and accommodates just under two thirds (64.6%) of forecast needs arising within the Black Country. Therefore, 200ha or 35.4% of employment land need arising in the Black Country cannot be met solely within the Black Country.
- 2.14. The BCP states that this unmet need should be exported, as far as possible, to authorities that have a strong existing or potential functional economic relationship with the Black Country, for example in terms of migration patterns, commuting links and / or connectivity through physical infrastructure such as rail and motorway. This work is ongoing and will be secured through the Duty to Co-operate and evidenced through Statements of Common Ground.
- 2.15. BCP also includes reference to Strategic Employment Areas (SEAs). These are high-quality employment areas that are considered essential to the long-term success of the Black Country's economy. They correspond to areas of the strongest occupier and market demand and are of high environmental quality with excellent links to the Strategic Highway Network,

¹³ Prepared by Warwick Economics & Development Limited (WECD).

¹⁴ Led by the Black Country Local Planning Authorities.

and BCP states that these should be protected from non-employment uses that could impact upon their viability as employment locations. These areas contain, or have the potential to attract, those knowledge-based growth sector businesses whose success will be critical to the delivery of the Black Country's economic ambitions. SEAs in the BCP are the equivalent of the [existing and potential] Strategic High-Quality Employment Areas in the Core Strategy.¹⁵ The EDNA recommended that the approach set out in the Core Strategy has served the Black Country well and subject to some refinement, should be carried forward into the BCP. Within this context, the Plan seeks to safeguard land and premises within SEAs for industrial and logistics activity and supports proposals that involve the improvement and renewal of land and premises within them. This process of redevelopment, intensification and enhancement of existing Employment Areas is expected to provide a significant source of land to meet future growth needs. Some small-scale ancillary uses will be supported where this meets the day-to-day needs of employees of businesses within the SEA. As set out in paragraph 1.2, **work on the BCP has now ceased and the Councils are preparing individual Local Plans for their areas. The approach set out in the BCP, and the associated evidence base will be used to inform this work.**

Key regional strategic documents and developments

West Midlands Combined Authority – West Midlands Land Commission

- 2.16. To deliver its work the West Midlands Combined Authority (WMCA) set up three Commission: the West Midlands Productivity Commission, the West Midlands Land Commission and the West Midlands Mental Health Commission.¹⁶ The role of the West Midlands Land Commission (WMLC) is to take a fresh look at matters affecting the West Midlands' land supply. It considers what measures could be initiated and undertaken to ensure an improved supply of developable land which supports the growth ambitions of business, the housing needs of residents, and the future diversification of the local economy.
- 2.17. In February 2017, WMLC produced its Final Report to assist WMCA to perform its statutory functions. Of relevance to EDNA, the report also concluded the following:
 - West Midlands needs urgently to increase its capacity to bring forward sites for housing development and employment. In relation to housing, there would need to be a 60% increase on the current annual level of completions to meet anticipated population growth with a large increase in employment land also needed.
 - The Commission stated that a credible pipeline of strategic employment sites – sites in excess of 25 ha which aim to attract net additional economic activity and jobs from businesses that are new to the area and the supply chains that support them - is a pre-

¹⁵ The key characteristics of Strategic Employment Areas are to: be highly accessible to the Strategic Highway Network, preferably well-located in relation to the motorway network, to provide good accessibility to international, national, and regional markets and supply chains; have good public transport accessibility; maintain a critical mass of active industrial and logistics sites and premises that are well suited to the needs of modern industry; maintain an existing (or develop a potential) high-quality environment, including suitable landscaping and greenspace and an attractive and functional built environment; and be attractive to national and / or international investment. However, it is not always necessary for an area to display all these characteristics to attract high-quality development. For example, in the Pensnett area of Dudley and parts of Aldridge in Walsall, the market has delivered high-quality investment, despite the sites being some distance from the motorway network.

¹⁶ <https://westmidlandscombinedauthority.org.uk/what-we-do/commissions/>

requisite for the future growth of the West Midlands. As the JLL/PBA report noted, these sites need 'larger-than-local' planning and are unlikely to be delivered through the traditional planning activities of individual local planning authorities;¹⁷ hence, the Commission's view that such sites should be identified in the Spatial Framework and that the WMCA Board should have a significant role in pursuing them.

- In many instances, businesses seeking a strategic site will have a choice of national or even international locations, and will be looking to occupy a site within a relatively short timescale. For this reason, the Commission also stated that the pipeline should include a number of readily available, viable sites. Some might be retained in public sector.
- The Commission also took into account evidence about the particular attractiveness of the region to major logistics operators, and the strong potential for logistics employment to contribute not only to the growth and other targets of the SEP but also to UK GDP overall.
- The Commission also heard concerns from some respondents that insufficient attention is being paid to the employment space needs of SMEs, particularly those that support the supply chains of some of the larger occupiers throughout the West Midlands.

The West Midlands Plan for Growth

2.18. In July 2022 the WMCA published the West Midlands Plan for Growth¹⁸. The plan was produced by WMCA as a response to the release by the UK Government earlier in 2022 of the 'Levelling Up' White Paper¹⁹.

2.19. The Plan for Growth stated that the Combined Authority would deliver growth through:

- New powers over economic development.
- Transport investment.
- Housing and land investment - with over £600 million of devolved housing and land funds secured, hundreds of hectares of land unlocked and a revolution in brownfield development.
- Pioneering new approaches to regeneration – bringing affordable, modular and net zero homes to our towns and cities.
- Skills - delivering a £130 million annual Adult Education Budget (AEB), contributing to an almost 10% increase in 2020 alone in the proportion of the population with Level 3 skills.
- Working with investors – securing partnerships with investors to deliver growth and realise strong Environmental, Social and Governance (ESG) commitments that boost investment, like the long-term agreements with major developers like L&G which will see £billions of private, patient capital invested across the region.

¹⁷ Peter Brett Associates (PBA) and JLL (2015) 'West Midlands Strategic Employment Sites Study' - Pg. 4 ^[L]_{SEP}

¹⁸ <https://wmca.euwesto1.umbraco.io/media/vd3fjeot/plan-for-growth.pdf>

¹⁹ <https://www.gov.uk/government/publications/levelling-up-the-united-kingdom>

- Net zero - Committing ourselves to a regional net zero target by 2041 and pursuing landmark innovations in transport mobility, zero carbon buildings, smart local energy systems, the environment and affordable housing.
- 2.20. The purpose of the Plan for Growth was, firstly, to reflect the Levelling Up White Paper's focus on geographic clusters of firms to promote regional economic development, rather than the previous focus on sectors, secondly, to identify suitable clusters based in the West Midlands, and, thirdly, to identify a series of policy levers that could be utilised to help those clusters to grow.
- 2.21. Eight existing clusters were identified that fit the profile of delivering high-value differential growth where the West Midlands has comparative advantage, business confidence and further market opportunity. The eight clusters are outlined below, with those clusters with a Black Country link highlighted **in bold** - six of the eight clusters identified by WMCA have some activity within the Black Country:
1. **Manufacturing of electrical light vehicles and associated battery storage devices**
 2. Health-tech and med-tech
 3. **Aerospace (including manufacturing alternative fuels)**
 4. **Logistics and distribution**
 5. **Professional and financial services and supply chain**
 6. Creative content production and gaming
 7. **Manufacturing of future housing**
 8. **Modern and low carbon utilities**
- 2.22. In addition to the eight clusters identified above, the Plan for Growth identified six policy interventions, or 'Levers for Growth', to help the clusters identified grow. The six levers for Growth are:
- a. Direct competitive funding as part of a business support system with stronger strategic relationship management with firms. Key elements of the system include: securing further direct investment in regional business support programmes like Made Smarter West Midlands and the Creative Growth Programme; the West Midlands Innovation Accelerator, overseen by the West Midlands Innovation Board, where the vision is to double public R&D invested in the region by 2030. Announced in the Levelling-Up White Paper, the West Midlands is one of three Innovation Accelerators nationwide and a Trailblazer Devolution Deal to provide more power and resources for economic activities.
 - b. Develop future skills pathways including £150 million per annum adult skills funding devolved to the region to upskill and retrain both the future and current workforce and commissioning power for the UK Shared Prosperity Fund's theme on 'people' and the 'Multiply' programme to increase adult numeracy skills.
 - c. Business location coordination and foreign direct investment
 - d. Early Growth Fund, including the West Midland Equity Co-Investment Fund to support Growth SMEs and working with the British Business Bank to ensure the Banks funding supports clusters.
 - e. Land assembly and infrastructure fund, including the Combined Authority and national Government discussing for the region securing a more flexible approach to funding commercial and housing developments, including appropriate infrastructure provision.

- f. Transport and infrastructure fund, including through the Trailblazer Devolution Deal under negotiation with government (at the time of writing of this report), WMCA seeking practical support for local energy planning so the West Midlands can invest in zero carbon, reliable and competitively priced energy. The £4.8 billion national Levelling-Up Fund provides local authorities with funding to lead those changes, working in conjunction with MPs and local businesses. Early examples of projects in the West Midlands include: **Wolverhampton**, where £20 million has been allocated for the City Learning Quarter. At the regional level, the West Midlands is also the UK's first Future Transport Zone, enabling rapid scaling up of new transport system solutions focused on travellers across all major urban centres in the UK. The Zone will trail new transport technologies and services which supports the logistics and distribution cluster in particular and also underpins all Plan for Growth activity by connecting business to wider labour markets.

HS2 – The effect on the Black Country and the West Midlands

- 2.23. In 2021 the West Midlands Combined Authority released an update to the 2015 HS2 Growth Strategy entitled 'Midlands HS2 Growth Strategy 2021'²⁰. This new strategy affects the Black Country in the following ways:
- **Energising the area through Dudley Interchange** by providing high quality facilities within an architecturally modern Interchange building that will enhance Dudley Town Centre. The Interchange will be an integral link between Metro, bus services and Town Centre, providing a significant improvement in public safety and access. Accessibility will be significantly improved for disabled users, providing both facilities and access/egress arrangements to meet their needs, encouraging mobility. This project will increase competitiveness and support the growth in key sectors. Cost: £31.2m (Total Cost) £11m (Department for Transport).
 - **Delivering a £2.3m skills and employment contract for CITB over 16 months** creating four on site construction training hubs, across the three LEPs in Wolverhampton, Birmingham, and Coventry. The WMCA hopes 1,450 local people will be trained at the first two hubs.

West Midlands Interchange (WMI)²¹

- 2.24. WMI is considered one of Europe's largest new logistics development sites, a 297ha Strategic Rail Freight Interchange (SRFI). WMI is in South Staffordshire sitting either side of a branch of the West Coast Main Line and is bounded by the A449 to the west and the A5 to the north, where it meets the M6 at junction 12. This is a DCO approved²² development site, with consent to deliver up to 8 million sq ft of Class A Logistics warehousing. It is expected that as a result of the site's development around £430 million of local economic activity will be generated each year, and is expected to create 8,500 direct, full-time jobs (40% of which are expected to be higher skilled).

²⁰ <https://www.wmca.org.uk/media/4530/hs2-growth-strategy-2021-accessible.pdf>.

²¹ <https://www.westmidlandsinterchange.co.uk>.

²² <https://www.gov.uk/guidance/guidance-on-procedural-requirements-for-major-infrastructure-projects>.

Key national documents

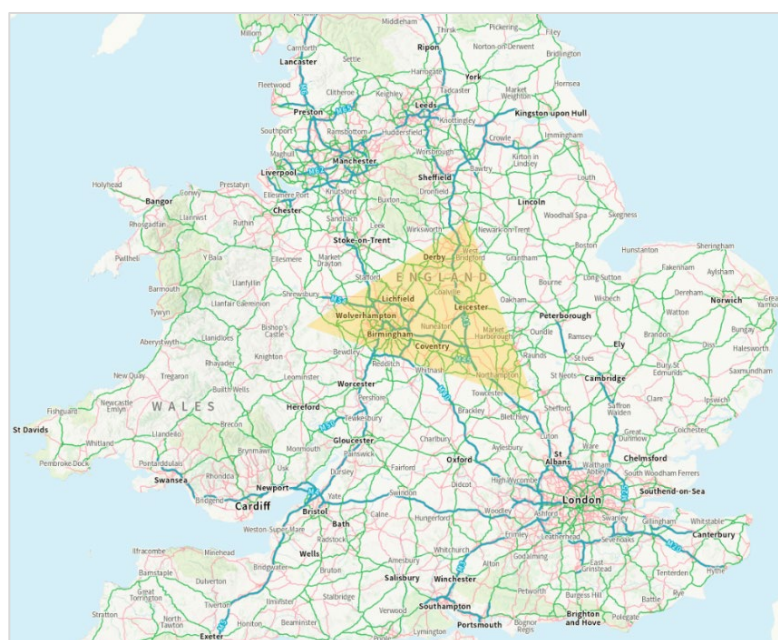
Planning policy

- 2.25. From 1 September 2020 a new Use Class E (Commercial, Business and Service uses) has been introduced, permitting the switching between uses within Class E without the need for planning permission. This includes the ability of (light) industrial premises within the former B1 Use Class (now E [g]), as a lawful use, to change to other uses within the same E Use Class without requiring permission. This raises a concern on the supply of industrial premises, as it may have implications for the control over the safeguarding of units within an industrial employment use, particularly within Strategic Employment Areas.

The Future of Freight: A Long-term Plan

- 2.26. The freight and logistics sector is vitally important to the UK economy. UK imports and exports comprised 63% of GDP in 2019, higher than the global average of 56% – therefore, the UK is more reliant on the freight and logistics sector for its economic wellbeing than other nations. The sector contributes £127 billion of GVA each year, representing 10% of the UK non-financial business economy, and employs 2 million workers in over 200,000 businesses.
- 2.27. The West Midlands region is at the heart of a national freight network across road, rail, maritime, aviation, inland waterway and warehouse infrastructure. The region is part of the so-called 'Golden Triangle of freight distribution, stretching from Birmingham and the Black Country to Northampton and Derby and Nottingham (see Figure 2.2).²³ The region is also closely located to East Midlands Airport, the second largest airport in the UK by air freight tonnage (after Heathrow). It is also well connected to Southampton port, the fifth largest in the UK by annual freight tonnage, through a strategically important road and rail corridor.²⁴

Figure 2.2: The Midlands 'Golden Triangle' of National Distribution Centres



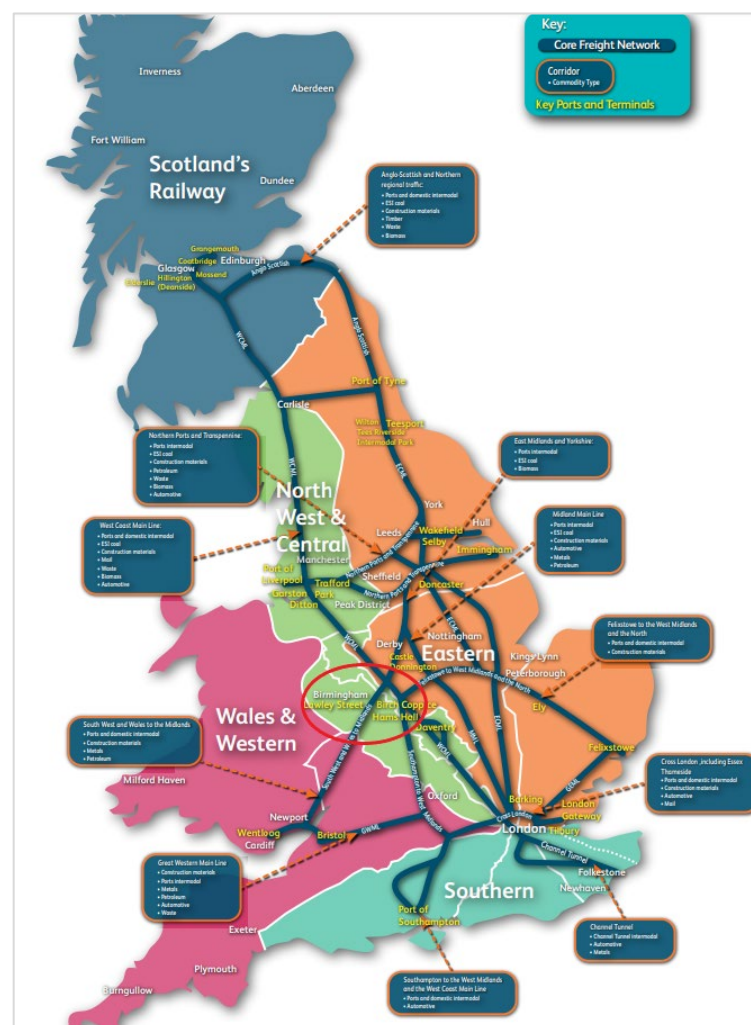
Source: Map produced by WECD.

²³ See also: ONS, [The rise of the UK warehouse and the "golden logistics triangle"](#) (April 2022).

²⁴ See also: Network Rail and Highways England, [Solent-Midlands Multi-modal Freight Strategy](#) (June 2021).

- 2.28. The Department for Transport (DfT) published the Future of Freight: A Long-term Plan in June 2022.²⁵ Elements of the strategy have implications for the Black Country and the wider region and discussed in this section. For example, the government is investing in the capacity and capability of the rail network for freight through the [Rail Network Enhancements Pipeline](#), the recently completed upgrade to the Southampton-Midlands key freight corridor, and through the [Integrated Rail Plan](#), which will help to free up capacity on the existing network and deliver improved capacity and capability for rail freight. HS2 is also seen as releasing a significant amount of spare capacity on the southern part of the West Coast Main Line, some of which could create opportunities for freight operators to grow and develop, for example, at the West Midlands Freight Interchange at Four Ashes in South Staffordshire.
- 2.29. The West Midlands and the Black Country are well placed to leverage the benefits coming from these investments given its strategic location on the UK rail freight network (see Figure 2.3). Between distribution centres and final destinations, road freight transport dominates. The West Midlands and the Black Country is well placed in this respect too, lying at the heart of the motorway network with easy access to the South West (via the M5), London and the South East (M40), East (M6), North East (M/A42 to the M1), and North West (M6).

Figure 2.3: UK Rail Freight Network – West Midlands area highlighted



²⁵ Department for Transport, [Future of Freight: A Long-term Plan](#) (June 2022).

Source: [Network Rail](#)

- 2.30. In turn, the freight and logistics sector is well-placed to support the levelling up of the West Midlands and the Black Country. The sector is a major contributor to economic activity, productivity and employment in the region. For example, since 2010, the number of jobs in transport and storage has grown by 26%, nearly double the rate of the wider economy – this highlights the sector's current and future importance to the UK and West Midlands economy.
- 2.31. Moreover, the number of UK transport and storage businesses was 88% higher in 2021 than in 2011, with fastest the growth in the Midlands, followed by the East of England, and Yorkshire and The Humber. The Rail Delivery Group's [Value of Freight report](#) (2021) estimates that rail freight delivers economic benefits of around £2.45 billion per year, many of which are dispersed across the West Midlands. **The freight and logistics sector also supports £400 billion in manufacturing sales per year.** As presented in more detail in section 3 of the report, the West Midlands and the Black Country is a major hub of UK manufacturing jobs and production, including companies such as Jaguar Land Rover, JCB, as well as numerous smaller manufacturing firms – all of which require road and/or rail at some point in their process.

British Energy Security Strategy (BESS)

- 2.32. The UK Government published its British Energy Security Strategy in April 2022²⁶. The strategy proposes to accelerate the UK towards a low-carbon, energy independent future. The strategy was published in response to concern over the security, affordability, and sustainability of the UK's energy supply. This concern is caused by both global and local issues, including spikes in global wholesale gas prices, the impact of the Russian invasion of Ukraine, the recent failure of several UK energy suppliers, and the rise in the energy price cap as set by the electricity and gas regulator Ofgem.
- 2.33. The strategy focuses on expanding domestic UK energy supply alongside commitments to completely remove Russian oil and coal imports by the end of 2022, and Russian gas 'as soon as possible' after this date. The proposed policies include:
- plans to further utilise North Sea reserves;
 - commissioning a scientific review of shale gas extraction;
 - plans to develop four new carbon capture, utilisation, and storage clusters by 2030;
 - a proposal for over 40% reduction in gas consumption by 2030 ;
 - increased targets for low-carbon power generation compared to previous targets in the Energy White Paper;
 - reduced consent times for offshore wind planning from four years to one;
 - a new delivery body for nuclear power (Great British Nuclear) to bring the proposed eight new large nuclear reactors to final investment decisions by 2030; and

²⁶

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1069969/british-energy-security-strategy-web-accessible.pdf

- a North Sea Transition Deal setting out plans for necessary investment and infrastructure to aid 'decarbonised' oil and gas extraction.
- 2.34. Local authorities' involvement is crucial in the successful delivery of Net Zero (and the [UK net zero national target by 2050](#)). The strategy does not provide detail on the role of the local government or other specific locations to be affected. However, it is clear that the strategy will support reviews that aim **to remove 'planning barriers' to energy efficiency and renewable energy production as well as ensure that the local infrastructure enables rather than hinders the operations of the energy networks** (that link sources of energy to homes and workplaces).²⁷ Figure 2.4 summarises most of the main areas of influence and impact local authority service areas have over emissions sectors, in particular planning but also business and employment.

Figure 2.4: Emissions and potential influence and impact by local authority service areas

²⁷ See UK100 : https://www.uk100.org/sites/default/files/publications/Power_Shift.pdf

Level of influence and impact on emissions													
		<div> <div>Significant</div> <div>Important</div> <div>High</div> <div>Moderate</div> <div>Minimal</div> </div>											
Emission Sector	Sub sector	Administration and Government	Advice and Benefits	Business and Employment	Community Safety	Education and Learning	Environmental Protection	Health and Social Care	Housing	Leisure and Culture	Licences, Permits and Permissions	Planning and Building Control	Transport and Highways
Buildings	Strategic												
	New build												
	Owner occupied												
	Private Rented Sector												
	Social housing												
	New non-domestic												
	Existing non-domestic												
Transport	Strategic Plans												
	Walking and Cycling												
	Parking												
	Speed Limits												
	Buses												
	Taxis and Private Hire Vehicles (PHV)												
	Rail/rapid transit												
	Freight												
	Congestion charging												
	Clean Air Zones (CAZ)												
	EV charge points												
	Vehicle Standards												
	Strategy												
	Local Area Energy Plans (LAEP)												
Energy	Heat zones												
	Renewable energy												
	Strategy												
	Recycling												
Waste	Food waste												
	Waste reduction												
	Commercial waste												
	Green space												
Land Use	Tree planting												
	Peatland restoration												
	Biodiversity Net Gain												
	Strategy												
Agriculture	Energy procurement												
	Buildings and estate												
Own Estate	Fleet												
	Employee travel												
	Procurement and commissioning												

Source: [Power Shift, Research into Local Authority powers relating to climate action, Researched and produced by Quantum Strategy & Technology Ltd. for UK100, April 2021](#)

Key messages

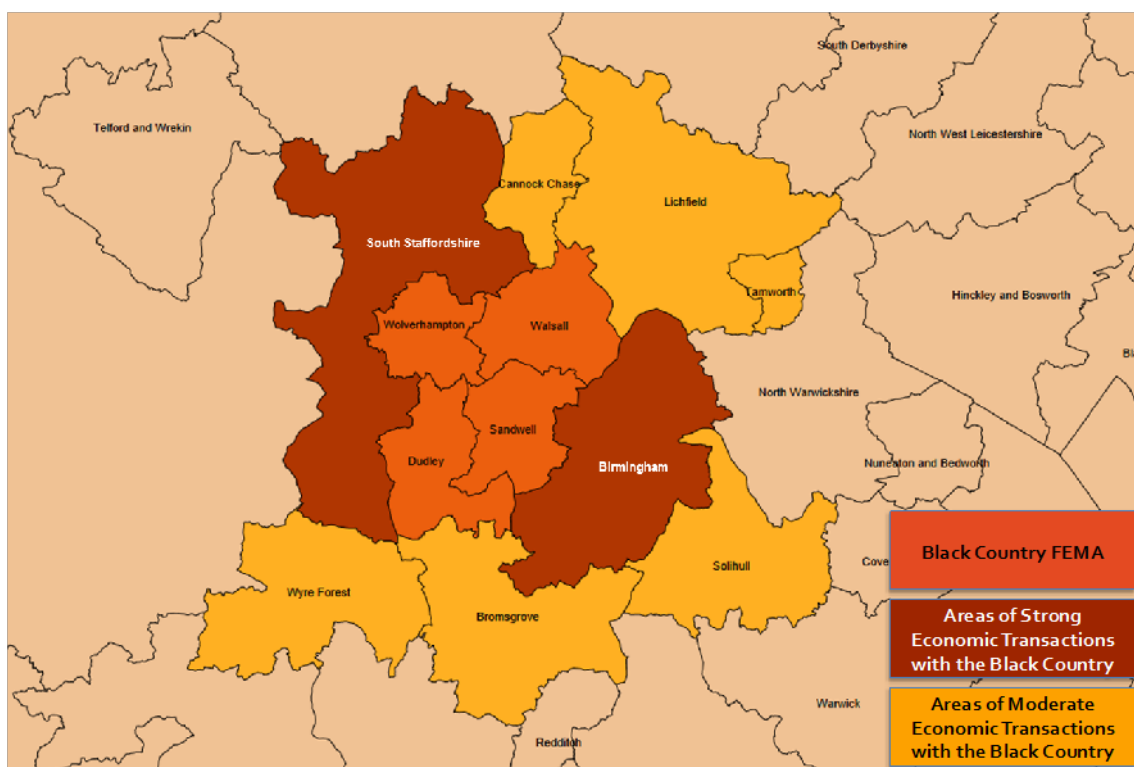
- The Black Country SEP document remains a key strategic document for the Black Country. However, since the production of 2017 EDNA and following the pandemic, a few new local and national strategic documents have been produced that need to be considered in future plans for land uses across the Black Country. These include the sub-regional Economic Recovery Prospectus and the Black Country Economy of Together 2030 Action Plan, the WMCA West Midlands Plan for Growth and national policies relating to levelling up, freight and logistics, and energy (including the net zero agenda). Building strong, more equitable, greener and competitive economies as well as thinking of new ways to maximise resources, are themes that are cutting across many of these strategies.

- At national level, building a strong, responsive, and competitive economy is one of the main objectives of NPPF - by ensuring that sufficient land of the right type is available in the right place and at the right time to support growth, innovation, and improved productivity; and by identifying and co-ordinating the provision of infrastructure. Beyond the mitigation measures to address the impacts of the pandemic and the shift of policy thinking towards internationalisation (following the UK exit from the EU) and levelling up, the policy context informing this EDNA is also underpinned by a number of new considerations set out in the Future of Freight: A Long-term Plan and the British Energy Security Strategy. These include: **the drive to decarbonise the economy and meet the UK net zero targets for 2050; wider recognition of the significance of logistics and distribution for economic growth (on a par with other industries); and a strong emphasis on co-ordinating resources and assets for the provision of new or appropriately adapted infrastructure** to facilitate the objectives associated with these industries.
- In supporting all these ambitions the Black Country will need to deliver a balanced portfolio of land with a focus on: a) the needs of key sectors and in particular clusters of economic activities (including those relating to manufacturing – aerospace and automotive, new building technologies, logistics, and the green economy – commercial and domestic/housing and services); and b) infrastructure improvements to enable the successful operation of these with benefits for businesses and local people.
- Some of the issues highlighted in 2017 EDNA also remain. For example, recharging and accelerating the local/sub-regional economies in a sustainable and efficient manner will require a systematic approach to co-operation across administrative boundaries i.e., joint working among the Black Country local authorities but also improving the way the area's local authorities collectively work with neighbouring authorities and across the wider region.

3. Review of the Black Country FEMA

- 3.1. The 2017 EDNA concluded that the Black Country represents a clearly defined geographical unit, with strong employment and labour market links to parts of the hinterland, in particular, Birmingham and South Staffordshire. The Black Country FEMA primarily comprises the four Black Country Local Authorities (BCLAs), based on well-established socio-economic, market and administrative relationships between the four authorities, and Birmingham and South Staffordshire drawing on the strong economic interactions of the four authorities with Birmingham and South Staffordshire. The 2017 EDNA also recognised the economic interactions of lesser strength with other areas on the edge of the Black Country such as Wyre Forest, Bromsgrove, Lichfield, and Cannock Chase. The geography of these relationships is shown in Figure 3.1.

Figure 3.1: Black Country FEMA and other close market areas

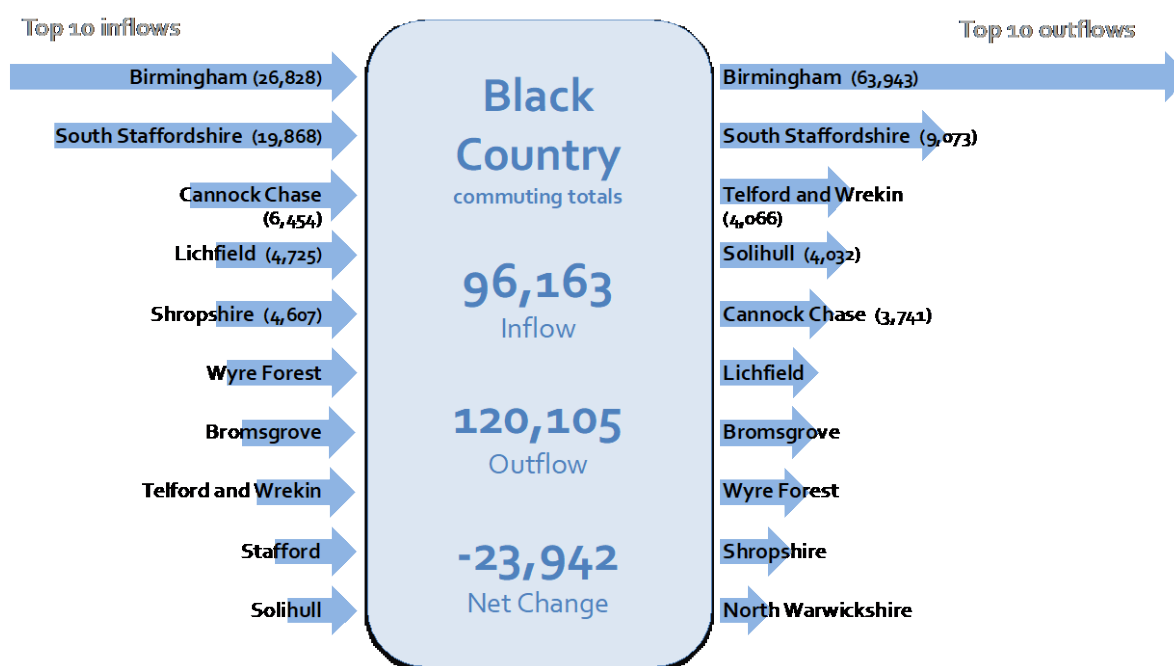


Source: Produced by WECD, 2017 Black Country EDNA

- 3.2. FEMAs are used to highlight the spatial level at which economies operate, which can be beyond the levels of political jurisdictions. This is because market situations are dependent not only on the local supply and demand relation within a locality, but also on linkages of supply and demand relations in surrounding areas. In other words the situation in neighbouring districts may affect the local market conditions and the same applies vice versa. Travel to work areas (TTWAs) represent one of the measures to estimate FEMAs. TTWAs are areas that are used to approximate define self-contained local labour market areas, where the majority of an area's resident workforce work, and where the majority of the workforce live.
- 3.3. As noted in the 2017 EDNA, the 2011 Census contains detailed information relating to flows of people between districts for work purposes. Analysis of this data indicates that the Black

Country attracts workforce from as far Leeds and Cheshire East in the north and Wychavon (Evesham, Pershore and Droitwich) in the south of the West Midlands region. Working residents living in the Black Country also work for businesses based as far as Midlothian and Manchester in the north and the City of Westminster in the south. Figure 3.2 presents the ten most important areas for inflowing and outflowing for the Black Country workforce. The numbers indicate that the Black Country has high levels of out commuting to Birmingham and a considerable inflow of workforce from Birmingham and South Staffordshire.

Figure 3.2: Black Country - inflows and outflows of workforce



Source: ONS, 2011 – WECD Calculations

- 3.4. However, the criteria used for defining **TTWAs for the purposes of FEMAs** are that: a) **generally at least 75% of an area's resident workforce work in the area (test 1); and b) at least 75% of the people who work in the area also live in the area (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 (such as the Black Country, self-containment rates as low as 66.7% are accepted.²⁸
- 3.5. Applying this methodology to the 2011 Census data shows that 71% of people who live in the Black Country work within the area and 76% of those who work in the Black Country live in the area (see Figure 3.3). Based on a strict interpretation of the TTWA/Guidance, these figures suggest that **the Black Country does form a self-contained FEMA.** None of the individual BCLAs represents a self-contained area.
- 3.6. Further analysis of TTWAs by BCLA shows that Wolverhampton has the highest proportion of people who work and live within the Black Country, closely followed by Dudley. Sandwell has the lowest proportion of people who work and live within the Black Country ((see Figure 3.4).

²⁸ To define a Housing Market Area [HMA], a figure of around 70% is generally seen as being the threshold for self-containment in terms of internal movement patterns.

Dudley has the lowest proportion of people working in the area who travel there from outside the Black Country (Figure 3.5).

Figure 3.3: Black Country Commuting Flows on TTWA Threshold Criteria

	Live & Work in the area	Residents Workforce Population	Workplace Population	Net Commuters	Test 1 (% resident workforce Within locality)	Test 1 (% resident workforce - Black Country)	Test 2 (% workplace population within locality)	Test 2 (% workplace population - Black Country)
Black Country	297,908	418,013	394,071	-23,942	71.3%		75.6%	
Dudley	63,764	121,285	102,582	-18,507	52.6%	75%	62.2%	89%
Sandwell	50,299	112,010	109,071	-2,939	44.9%	65%	46.1%	67%
Walsall	47,216	96,218	89,032	-7,186	49.1%	68%	53.0%	74%
Wolverhampton	49,388	89,986	93,807	3,821	54.8%	77%	52.6%	73%

Source: ONS, 2011 – WECD Calculations

Figure 3.4: Employment in/out of the Black Country - Residents

	Working Residents	Work Within the Black Country		Go Outside the Black Country	
		No.	%	No.	%
Dudley	121,285	91,036	75%	30,249	25%
Sandwell	112,010	72,661	65%	39,349	35%
Walsall	96,218	65,447	68%	30,771	32%
Wolverhampton	89,986	68,822	77%	21,164	24%
Black Country	418,499	297,966	71%	121,533	29%

Source: ONS, 2011

Figure 3.5: Employment in/out of the Black Country - Workplace Population

Place of Work	Workplace Population	Live Within the Black Country		Live Outside the Black Country	
		No.	%	No.	%
Dudley	102,582	82,604	81%	19,978	19%
Sandwell	108,071	81,988	75%	27,083	25%
Walsall	88,032	64,749	73%	24,283	27%
Wolverhampton	93,807	68,626	73%	25,182	27%
Black Country	394,492	297,966	76%	96,526	25%

Source: ONS, 2011

- 3.7. Figures 3.6-3.9 show the specific patterns of TTWAs for each BCLA. Only Wolverhampton receives more workforce than 'loses' to other localities, with the main inflows and outflows being among the other three BCLAs, Birmingham and South Staffordshire. In all other three BCLAs outflows are higher than inflows with the net outflows ranging between 18,500 (from Dudley to mainly the other BCLAs and Birmingham) and 2,939 (from Sandwell to mainly Birmingham and the other three BCLAs). Of the four BCLAs:

- Dudley has the strongest TTWA/labour market relationship with Bromsgrove and Wyre Forest.
- Sandwell has the strongest TTWA/labour market relationship with Birmingham and relatively limited interaction with South Staffordshire in comparison with the other three BCLAs.
- Walsall has the strongest TTWA/labour market relationship with Cannock Chase and Lichfield, and the second strongest relationship with Birmingham (after Sandwell).
- Wolverhampton has the strongest TTWA/labour market relationship with South Staffordshire, Telford and Wrekin and Shropshire.

Figure 3.6: Dudley - inflows and outflows of workforce

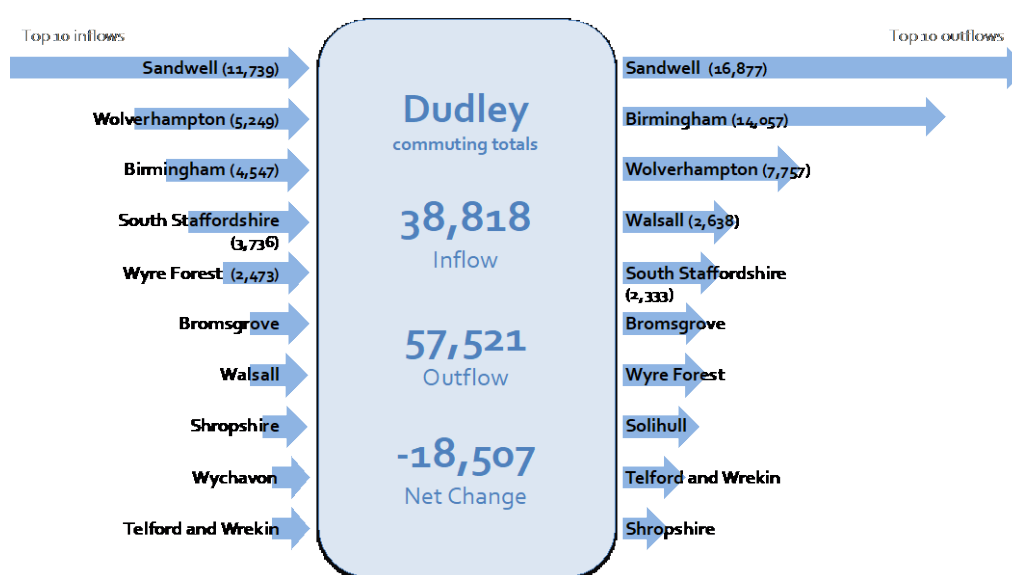


Figure 3.7: Sandwell - inflows and outflows of workforce

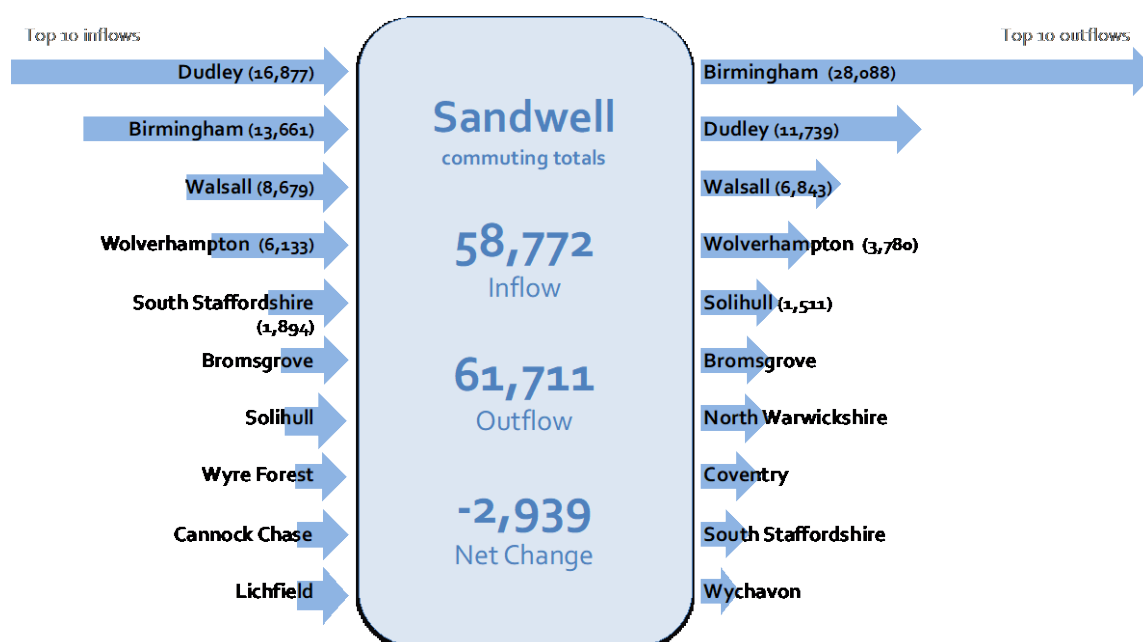


Figure 3.8: Walsall - inflows and outflows of workforce

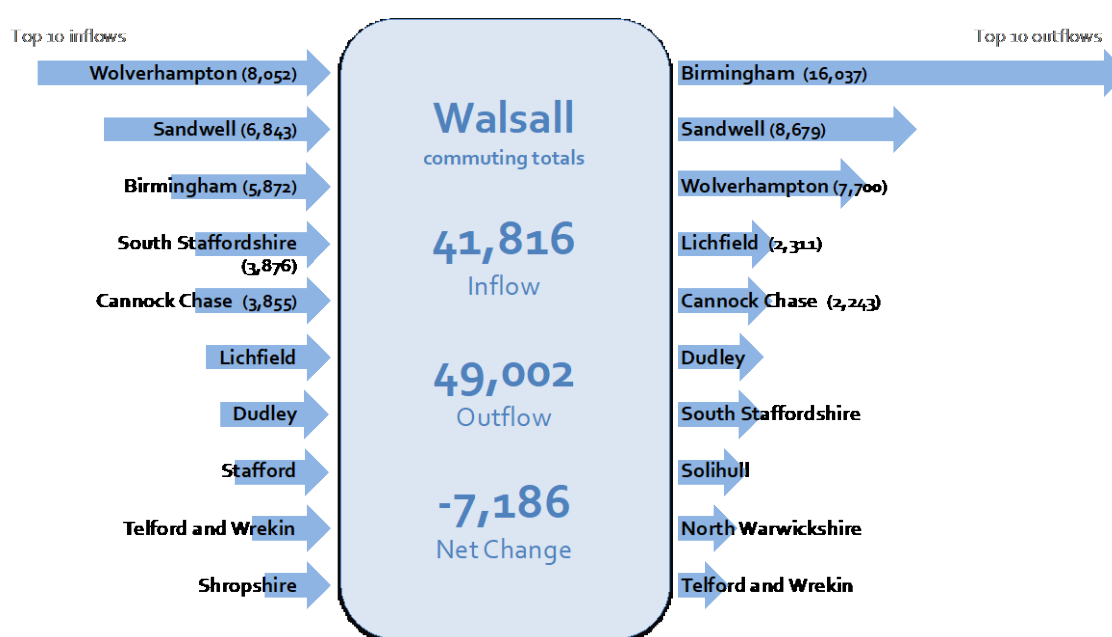
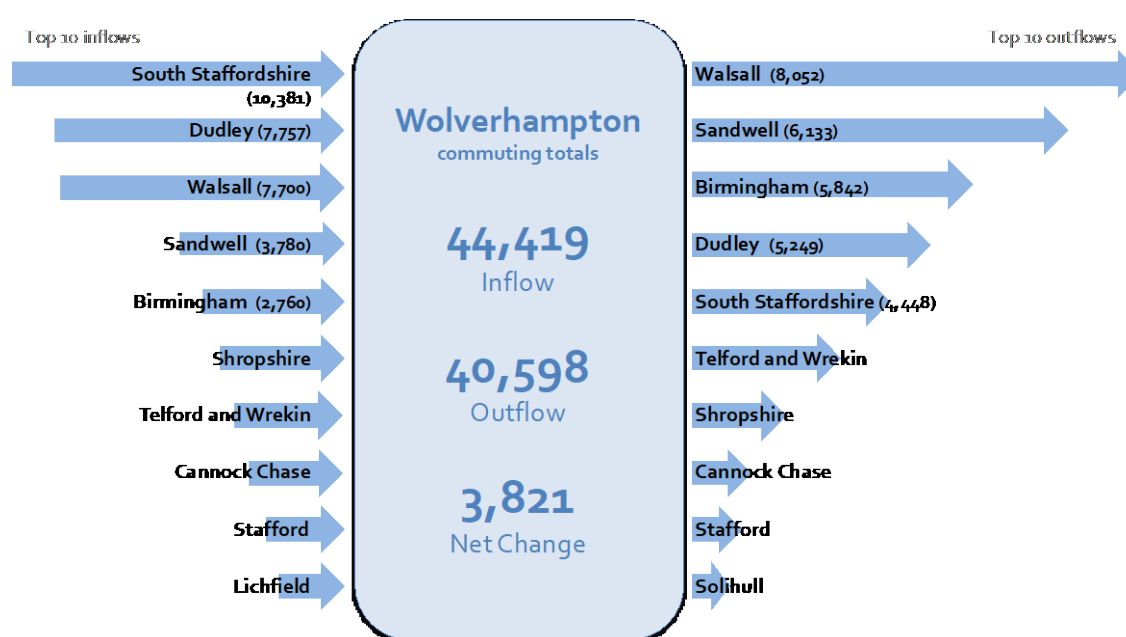


Figure 3.9: Wolverhampton - inflows and outflows of workforce



Key messages

- The most common labour market/TTWA links of the BCLAs are with each other, and to a varying extent with Birmingham and South Staffordshire. For example, of the four BCLAs, Sandwell has the strongest TTWA/labour market relationship with Birmingham and relatively limited interaction with South Staffordshire in comparison with the other three BCLAs. Wolverhampton has the strongest TTWA/labour market relationship with South Staffordshire and not as strong a labour market relationship with Birmingham.

- In general, individual BCLAs have relatively stronger relationships with their geographically adjacent authorities. For example, of the four BCLAs, Walsall has the strongest TTWA/labour market relationship with Cannock Chase and Lichfield (less so Sandwell and Wolverhampton); Dudley has the strongest TTWA/labour market relationship with Bromsgrove and Wyre Forest (less so Wolverhampton and Walsall).
- Overall, none of the individual BCLAs represents a self-contained labour market area on its own.
- The Black Country (consisting of the four BCLAs) is a sufficiently self-contained labour market in terms of TTWAs to be considered to be a stand-alone Functional Economic Market Area.
- The size of the Birmingham conurbation also means that there is a very strong relationship between Birmingham and all BCLAs, with this being strongest for the districts closest to Birmingham.

4. Overview of the Black Country's socio-economic context

- 4.1. This section presents key socio-economic indicators in the Black Country FEMA area.

Employment and jobs

- 4.2. There are around 445,000 jobs in the Black Country. Key employment centres are St. Matthew's in Walsall, Heath Town in Wolverhampton, Brierley Hill in Dudley, and West Bromwich and Oldbury in Sandwell.

Figure 4.1: Employment by District and Wards in the Black Country, 2020

	Total Employment	% of Employment
Dudley	112,600	25%
Brierley Hill	18,700	
St James's	12,900	
Belle Vale	10,400	
Kingswinford North and Wall Heath ²⁹	8,600	
Netherton, Woodside and St Andrews	7,100	
St Thomas's	5,700	
Castle and Priory	5,400	
Wollaston and Stourbridge Town	5,300	
Sandwell	123,300	28%
West Bromwich Central	18,400	
Oldbury	18,100	
Greets Green and Lyng	11,200	
Wednesbury South	9,400	
St Pauls	7,900	
Soho and Victoria	6,900	
Wednesbury North	5,600	
Cradley Heath and Old Hill	5,400	
Walsall	100,800	23%
St Matthew's	23,200	
Birchills Leamore	9,900	
Aldridge Central and South	9,500	
Willenhall South	9,000	
Palfrey	6,400	
Bentley and Darlaston North	5,300	
Wolverhampton	105,500	24%
Heath Town	20,800	
St Peter's	14,900	
Park	7,900	
Wednesfield South	7,100	
Bilston East	6,100	
Bushbury North	6,000	
East Park	5,700	
Ettingshall	5,400	
Black Country	443,500	

Source: Business Register and Employment Survey (BRES), 2022 (wards with over 5,000 jobs are presented here and figures have been rounded to the nearest 100.

²⁹ Note: This BRES/ONS data may (wrongly) include the Pensnett Trading Estate, which is almost wholly contained within the Brockmoor Pensnett Ward rather than Kingswinford North and Wall Heath. The BRES/ONS data show that employment in Brockmoor Pensnett Ward is 2,530 jobs.

Main economic sectors and businesses

- 4.3. Black Country's economy has long been centred on manufacturing. As shown in Figure 4.2, whilst health makes up most employment (15.8%) it is closely followed by manufacturing (13.6%) and Retail (10.6%).

Figure 4.2: Employment by Sector in the Black Country, 2020

	No Employees	%	Cumulative %
Health (Q)	70,000	15.83%	15.83%
Manufacturing (C)	60,000	13.57%	29.39%
Retail (Part G)	47,000	10.63%	40.02%
Education (P)	41,000	9.27%	49.29%
Business administration & support services (N)	29,000	6.56%	55.85%
Transport & storage (including postal) (H)	29,000	6.56%	62.41%
Wholesale (Part G)	28,000	6.33%	68.74%
Construction (F)	22,500	5.09%	73.82%
Accommodation & food services (I)	22,000	4.97%	78.80%
Professional, scientific & technical (M)	19,500	4.41%	83.21%
Arts, entertainment, recreation & other services (R,S,T,U)	19,300	4.36%	87.57%
Public administration & defence (O)	13,800	3.12%	90.69%
Motor trades (Part G)	11,000	2.49%	93.18%
Property (L)	9,300	2.10%	95.28%
Financial & insurance (K)	8,800	1.99%	97.27%
Information & communication (J)	6,500	1.47%	98.74%
Mining, quarrying & utilities (B,D and E)	5,500	1.24%	99.98%
Agriculture, forestry & fishing (A)	300	< 0.00%	100.00%
Total Employment	442,270	100.00%	100.00%

Source: BRES, 2022. Figures have been rounded up/down to the nearest 100/whole number.

- 4.4. Whilst manufacturing around the UK has been in decline, 13% of Black Country GVA is attributable to advanced manufacturing, this is higher than nationally (11.7%). As a result of the pandemic, the UK exit from the EU and other issues, the advanced manufacturing sector is expected to decline in size both in the Black Country and nationally. However, it is also widely recognised that there is significant growth potential for the sector going forward.³⁰ Around 800 companies (785) have been identified by the Black Country Consortium as strategic companies – drawing on the BvD FAME database were based in the advanced manufacturing sector accounting for 16% of GVA in the sector.³¹ Ensuring companies such as these have premises to expand in within the Black Country is critical to the area's economy.
- 4.5. Examples of strategic employers in key sectors in the Black Country (or relatively close proximity) include:³²
- Manufacturing and engineering: Tata Steel UK Ltd, Liberty Specialty Steels Ltd, Castings plc and Assa Abloy Ltd;
 - Business services: Countryside Properties PLC, Atotech UK Topco Ltd, and The Staffing Group Ltd;

³⁰ The Black Country Sector Skills Deep Dive Advanced Manufacturing, Black Country Consortium EIU, <https://www.the-blackcountry.com/upload/Intelligence%20Reports/deep-dives/Advanced%20Manufacturing.pdf>

³¹ Black Country State of the Sub Region 2021, Black Country Consortium EIU, <https://blackcountry-blackcountry.hub.arcgis.com/pages/state-of-the-sub-region>

³² 2021 Black Country Strategic Companies Barometer, Black Country Consortium EIU, <https://www.the-blackcountry.com/upload/Intelligence%20Reports/Strategic%20Companies%20Barometer%202021.pdf>

- Building technologies: One Stop Stores Ltd; Homeserve PLC, Kriskama Building Specialist Ltd, and Barhale Holding PLC; and,
 - Retail: Poundland Ltd, Blakemore and Son Ltd, and Thyssenkrupp Materials (UK) Ltd.
- 4.6. In addition, three companies appeared on the Sunday Times 'HSBC International Track 200 2021 League Table'³³, these were:
- BJS Home Delivery, Wednesbury (Delivery and storage services) – rank 22
 - Stiltz, Kingswinford (Home lift manufacturer) – rank 43
 - Mechatherm International, Kingswinford (Furnace manufacturer) – rank 46
- 4.7. Key sectors of the Black Country economy that have experienced employment growth between 2015 and 2020 include (as shown in Figure 4.3): Real Estate Sector (29%), Human health and social work activities (17%), Accommodation and Food Service Sector (5%), Education (2.4%). Wolverhampton is the only district that has seen an increase in employment since 2015 in this sector (an increase of 14%).

Figure 4.3: Sector Employment Change in the Black Country 2015-2020

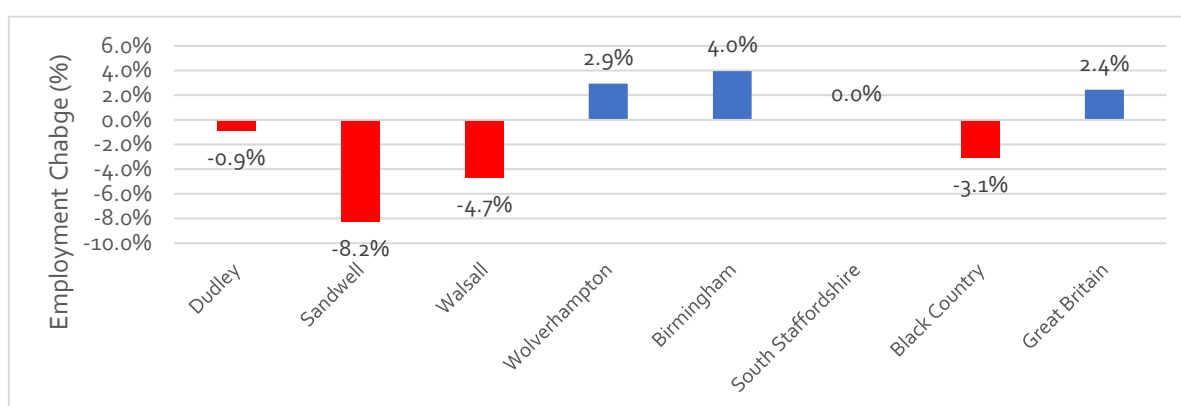
	Dudley	Sandwell	Walsall	Wolverhampton	Black Country	GB
A: Agriculture, forestry and fishing	-20.0%	-33.3%	-50.0%	12.5%	-25.0%	5.0%
B: Mining and quarrying	NA	NA	-50.0%	NA	-10.0%	-15.3%
C: Manufacturing	-6.3%	-13%	-7.1%	14.3%	-10.5%	-2.0%
D: Electricity, gas, steam and air conditioning supply	33.3%	-77.8%	NA	100.0%	-60.0%	8.8%
E: Water supply; sewerage, waste management and remediation activities	20.0%	11.1%	-20.0%	0.0%	-12.5%	10.6%
F: Construction	-12.5%	0.0%	-20.0%	0.0%	-8.0%	7.9%
G: Wholesale and retail trade; repair of motor vehicles and motorcycles	-4.2%	0.0%	5.3%	5.6%	0.0%	-3.2%
H: Transportation and storage	25.0%	-9.1%	-20.0%	0.0%	-6.5%	13.2%
I: Accommodation and food service activities	0.0%	0.0%	11.1%	0.0%	4.8%	1.4%
J: Information and communication	14.3%	-16.7%	0.0%	0.0%	0.0%	10.0%
K: Financial and insurance activities	-14.3%	-37.5%	11.1%	0.0%	0.0%	0.7%
L: Real estate activities	200%	0.0%	0.0%	12.5%	28.6%	9.0%
M: Professional, scientific and technical activities	0.0%	0.0%	-33.3%	-25.0%	-13.0%	15.9%
N: Administrative and support service activities	-54.6%	-27.3%	0.0%	-14.3%	-28.2%	0.5%
O: Public administration and defence; compulsory social security	0.0%	-25.0%	20.0%	0.0%	0.0%	6.2%
P: Education	-9.1%	0.0%	0.0%	-10.0%	2.4%	0.6%
Q: Human health and social work activities	26.7%	28.6%	-7.1%	33.3%	17.0%	5.0%
R: Arts, entertainment and recreation	14.3%	0.0%	-22.2%	0.0%	-11.1%	-3.1%
S: Other service activities	11.1%	-35.7%	-12.5%	14.3%	-15.4%	-6.4%
Total	-0.9%	-8.2%	-4.7%	2.9%	-3.1%	2.4%

Source: BRES via NOMIS, 2022. Figures have been rounded up to the nearest decimal point.

³³ <https://www.business-live.co.uk/enterprise/27-fastest-growing-international-sales-19865136>

- 4.8. Sandwell's 'Top 50 Fastest Growing Companies Index 2020'³⁴ report lists the 50 highest growth companies in Sandwell with all 50 of these companies having grown by more than 10% - the top 22 having grown 20% - and generated £2.2 billion in revenue. Ensuring companies such as these have premises to expand in within the Black Country is critical to the area's economy – 44% are within the manufacturing sector and therefore rely upon employment land to suit this.
- 4.9. Between 2015 and 2020 (the latest time period for which data are available), the BCLAs within the Black Country saw a decline in employment, with only Wolverhampton experiencing relatively high growth of 2.9% as shown in see Figure 4.4 (in comparison with 2.4% in Great Britain). Within the same period, Sandwell saw a significant fall in employment (at more than 8%) and this impacted on the employment growth of the Black Country.

Figure 4.4: Employment Growth in the Black Country, 2015-2020

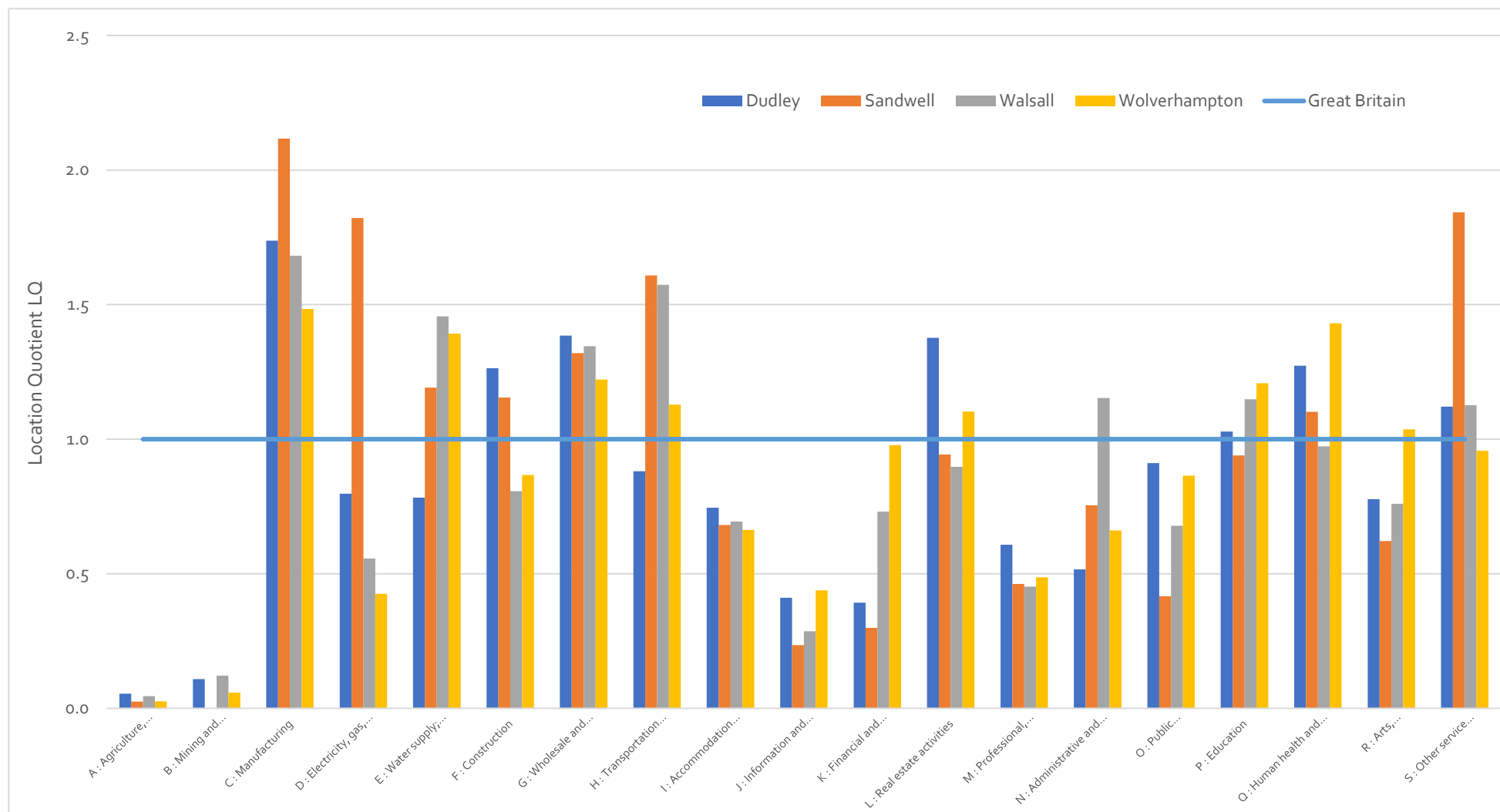


Source: BRES via NOMIS.

- 4.10. Location quotients (LQs) are an indication of economic concentration: an LQ greater than 1 shows greater concentration of employment in that sector than is seen nationally (which is the reference economy in this instance). As it can be seen from Figure 4.5, in terms of employment across the Black Country as a whole, **there is concentration in health and other service industries, manufacturing, retail, education, transportation and storage, construction, accommodation and food service activities**. It can be seen from the chart that in the majority of cases, those sectors showing concentration (an LQ greater than 1) in one of the Black Country districts also shows concentration in the other districts. There are some sectors, however, that show concentration in one or a few districts but not in others. For example, sector D (electricity, gas and steam) is highly concentrated in Sandwell, whereas there is particular no distinct concentration in this sector in the other districts (a similar situation exists, to an extent, in the case of sector S, other services). Overall, therefore, despite there being similarities in economic structure, there are also some significant differences between the districts.
- 4.11. Figure 4.6 depicts location quotients in terms of businesses. A comparison of both location quotients in terms of employment and companies indicates that there are a few sectors of the economy that have employment and company LQs that are both greater than 1. This is an indication that these sectors form an economic cluster in the Black Country. The majority of these are in manufacturing and wholesaling/distribution as well as retail and health.

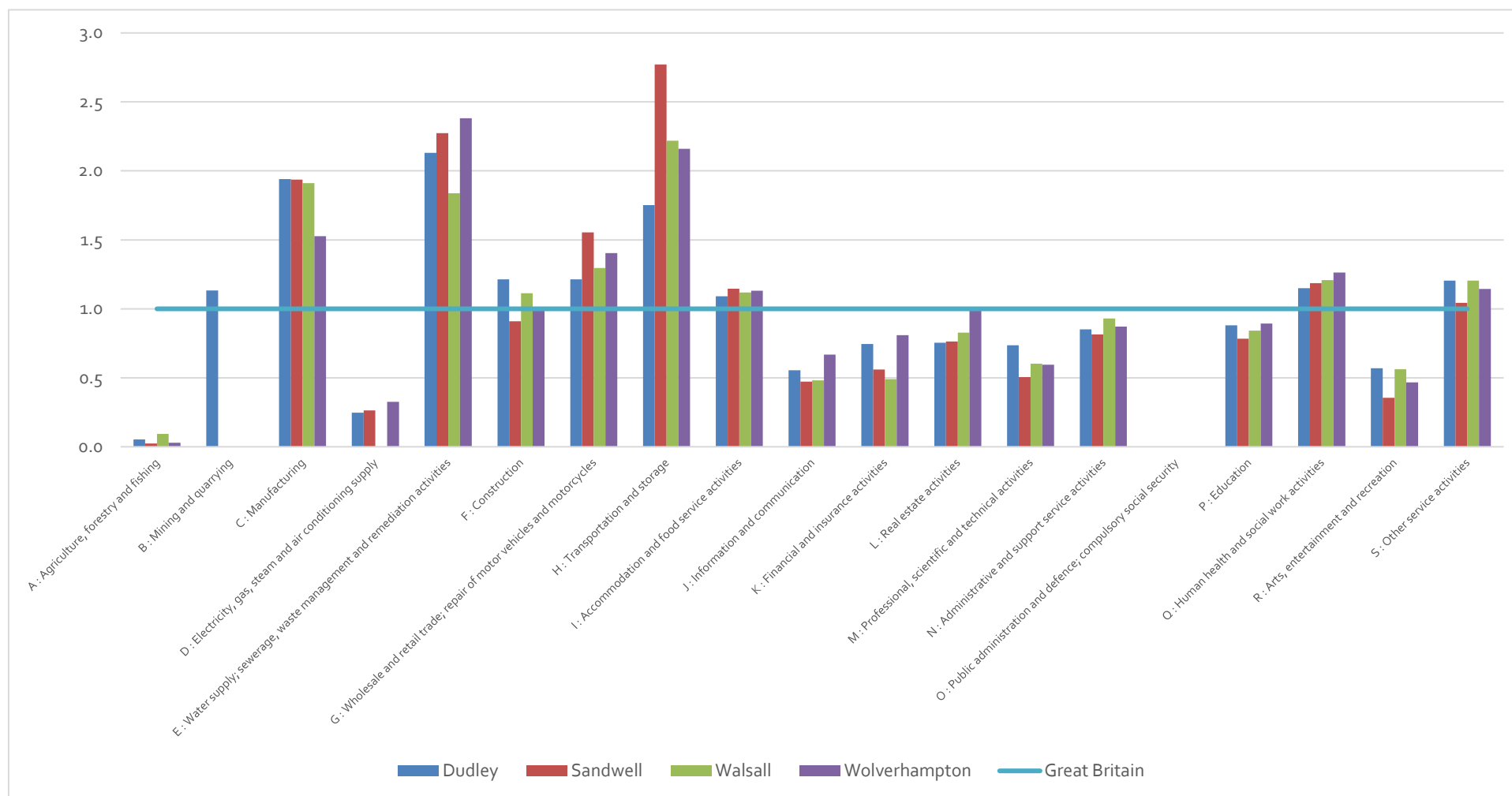
³⁴ Sandwell Top 50 Fastest Growing Companies Index 2020 <https://www.thinksandwell.com/sandwell-top-50/>

Figure 4.5: Employment Location Quotients, 2020



Source: BRES via NOMIS, 2022; calculations by WECD.

Figure 4.6: Company Count Location Quotients, 2021



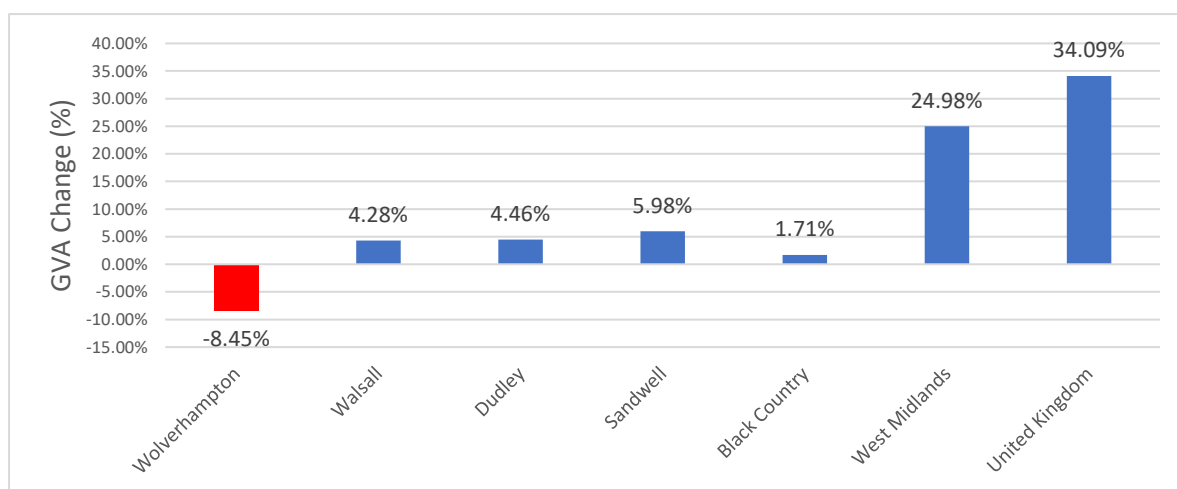
Source: BRES via NOMIS, 2022; calculations by WECD.

- 4.12. A comparison of both location quotients in terms of employment and companies indicates that there are a few sectors of the economy that have employment and company LQs that are both greater than 1. The majority of these are in manufacturing and wholesaling/distribution as well as retail and health.

Economic growth

- 4.13. The total GVA produced by the Black Country in 2020 was £20.1 billion (in 2019 pounds) compared to £21.3 billion in 2014, a decrease of £1.2 billion (-5.2%) over a 6-year period. As shown in Figure 4.7, **all the constituent districts (with the exception of Wolverhampton) have seen positive growth in Gross Value Added (GVA) over the period 1998 – 2020.**

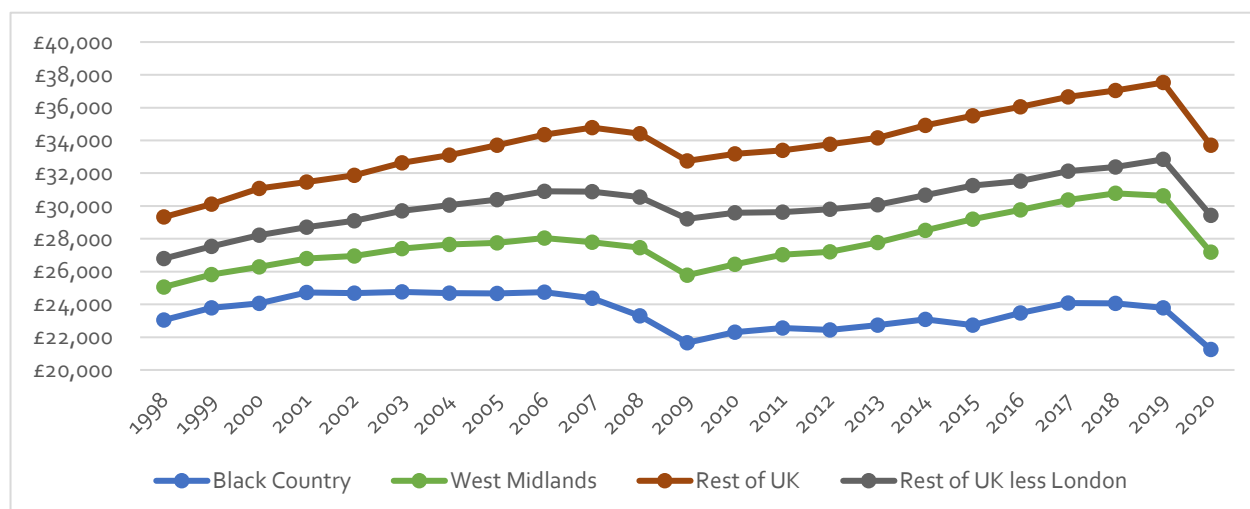
Figure 4.7: Change in GVA in the Black Country (2019 value), 1998 – 2020



Source: ONS, 2022.

- 4.14. As shown in Figure 4.8, each district within the Black Country produces lower GVA per head of working age population than both the West Midlands and UK averages. **As a whole, the economic output of the Black Country per head continues to be well below the equivalent national average, with difference between the Black Country and the rest of the UK at £11,900 when compared to the rest of the UK (or, £8,200 if London is excluded from the national average).** The figure also shows that the difference between the GVA per working age population in the Black Country and the rest of England has been increasing over time.
- 4.15. It is worth noting that the Black Country has a high density of building technologies businesses contributing £1.4 billion in GVA or 6.6% of the whole economy higher than the national average of 6.1%. As well as this, £1 billion of Black Country GVA is attributable to environmental technologies, 4.7% of the local economy higher than the national average of 2.5%, representing 43.8% growth since 2010.

Figure 4.8: GVA per Head (Working Age – 2019 pounds) 1998 – 2020



Source: ONS and NOMIS Data 2022. Figures have been rounded up/down to the nearest 100.

Economic conditions for the Black Country population

- 4.16. Due to gradual decline in UK manufacturing output since the 1960s, the Black Country has suffered from unemployment and parts of it constitute some of the most deprived economies in the UK. Figure 4.9 also shows that whilst Dudley produces the second lowest GVA per head, it has higher average house prices than the other boroughs and has a better ranking in terms of deprivation. Sandwell, Walsall and Wolverhampton all perform particularly badly in the deprivation indices, scoring well into the bottom quarter of all 326 areas ranked, showing that poverty and deprivation is a key issue within the Black Country.

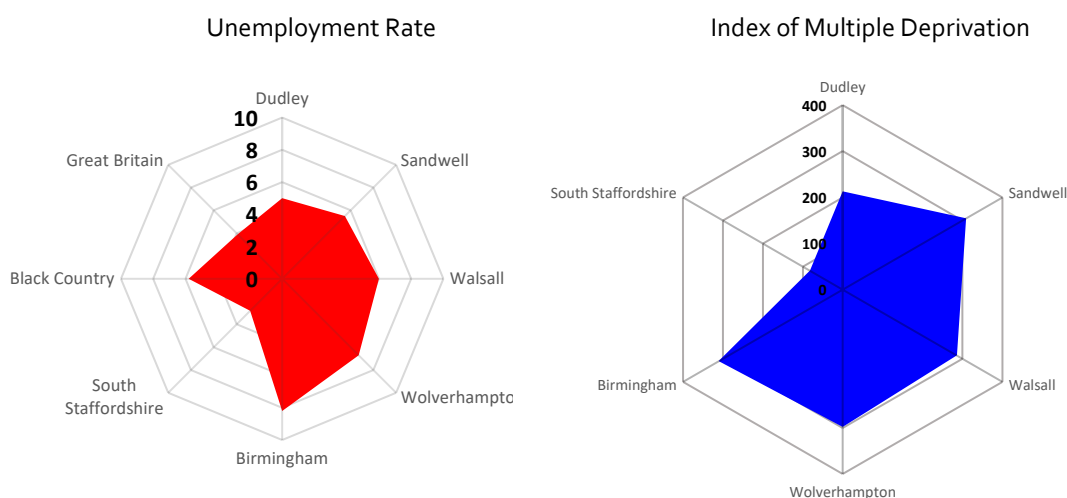
Figure 4.9: Key Economic Facts and Figures by Black Country District

	GVA / head - total population (2019)	Total GVA (£m, 2019)	No of Active Enterprises (2021)	Dwellings (2021)	Average House Prices (2021)	2019 IMD Rank of average rank / 326	New businesses created per 10,000 adult population (2020)
Dudley	£17,200	£5,500	10,200	140,519	£200,000	#104	36.6
Sandwell	£20,500	£6,700	9,600	133,739	£175,000	#8	58.1
Walsall	£16,900	£4,800	8,200	93,724	£185,000	#31	41.3
Wolverhampton	£20,300	£5,300	7,700	117,008	£177,000	#19	47.1
Black Country	£18,700	£22,400	35,700	503,468			45.9
West Midlands	£25,900	£14,600	219,400		£225,000		49.75
England	£30,800	£1,735,900	2,406,000	24,873,320	£280,000		55.9
UK	£31,700	£2,017,300	2,765,200				53.3

- 4.17. Figure 4.10 shows unemployment and multiple deprivation index rankings of the Black Country Districts compared with Birmingham and South Staffordshire. Walsall has the highest unemployment rate in the Black Country LEP area at 6.5% while Dudley has the lowest unemployment rate at 4.1%. Sandwell has the highest level of deprivation in the Black Country according to the Index of Multiple Deprivation (IMD) with a rank of 8 (out of 326 areas) while Dudley has the lowest level of deprivation with a rank of 104. **The Black Country as a whole ranked as the second most deprived local enterprise partnership in the 2019 IMD rankings.** There has been a general decline in living conditions in the area since 2015:

Dudley is 14 ranks lower than in 2015, Walsall is 10 ranks lower, and Sandwell is 4 ranks lower. Wolverhampton is the only Local Authority that has maintained its rank since 2015.

Figures 4.10: Black Country Unemployment and Deprivation Indicators 2019



Source: IMD 2019 and NOMIS Data 2022.

- 4.18. Another area of particular weakness has been business start-up rates, most of which were down in comparison with national averages, with the highest rates of 58 start-ups per 10,000 of the population in Sandwell higher than the national average of 55 per 10,000 population on average at national level. However, Dudley, Walsall and Wolverhampton all had lower rates of births per 10,000 (37, 41 and 47 respectively).

Demographics and Skills

- 4.19. **The Black Country is home to 1.21 million people.** As shown in Figure 2.11, the Black Country as a whole has a relatively higher proportion of younger people (0-15 years) at 20% than Great Britain at 18%, but it has a slightly lower proportion of working age population (16-64 years).

Figure 4.11: Population - Age Profile

	0-15 %	16-64%	65+ %	2021 Population
Dudley	18%	62%	20%	323,500
Sandwell	21%	65%	15%	341,900
Walsall	20%	62%	17%	284,100
Wolverhampton	20%	64%	16%	263,700
Black Country	20%	63%	17%	1,213,200
Great Britain	18%	64%	19%	65,185,724

Source: ONS 2021 Census. Figures have been rounded up/down to the nearest whole percentage point.

- 4.20. Review of population changes over time in Figure 4.12 indicates that the population in the Black Country has increased between 2011 and 2021 by just over 73,500 people, an increase of 6.4%. This is greater than the percentage increase of population in the Black Country between 2001 and 2011, which increased by just over 61,600 people, an increase of 5.7%. This shows that the population remains to grow in the Black Country. The percentage increase of population in the Black Country is now higher than the percentage increase of population in

Great Britain as a whole (6.2% in a decade). Sandwell remains to have the highest increase in young population (0-15) and working age population (16-64 years old) than any other Black Country district within this period. It is also worth noting that the Black Country has seen a significant percentage increase in young population between 2011 and 2021, an increase of 9.9%. This is much higher than the percentage increase of young population in the Black Country between 2001 and 2011, an increase of only 1.9%.

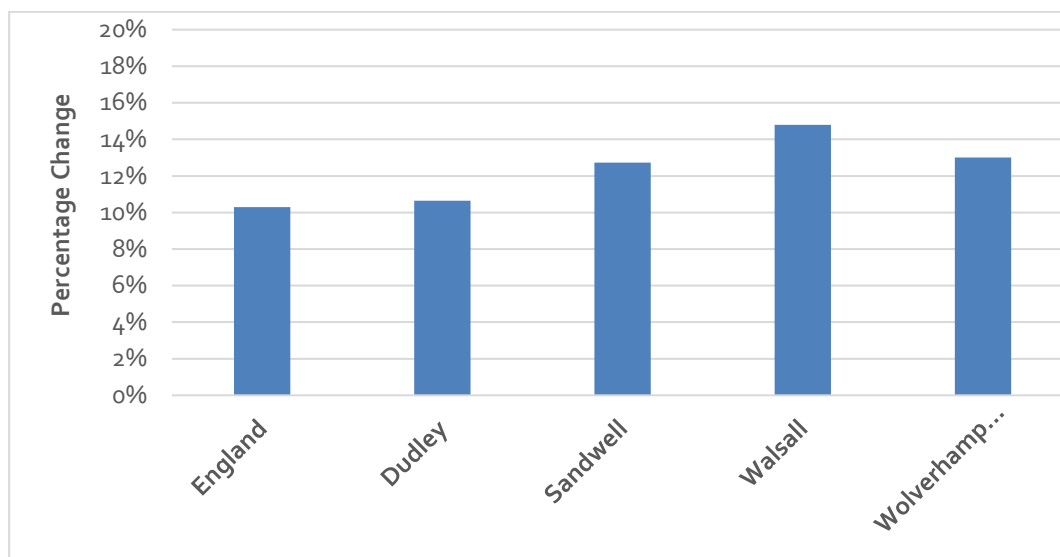
Figure 4.12: Population Change in the Black Country, 2011 -2021

	Change 2011-2021		% Change				
	Black Country		Dudley	Sandwell	Walsall	Wolverhampton	Great Britain
0-15	+ 21,400	+9.9%	+3.5%	+14.5%	+8.9%	+12.5%	+8.0%
16-64	+ 35,100	+4.8%	+0.4%	+11.0%	+3.8%	+3.7%	+2.2%
65+	+ 17,000	+8.9%	+13.4%	+0.2%	+8.0%	+6.6%	+20.5%
Total	+ 73,500	+6.4%	+3.4%	+11.0%	+5.5%	+5.7%	+6.2%

Source: ONS 2021 Census. Figures have been rounded up/down.

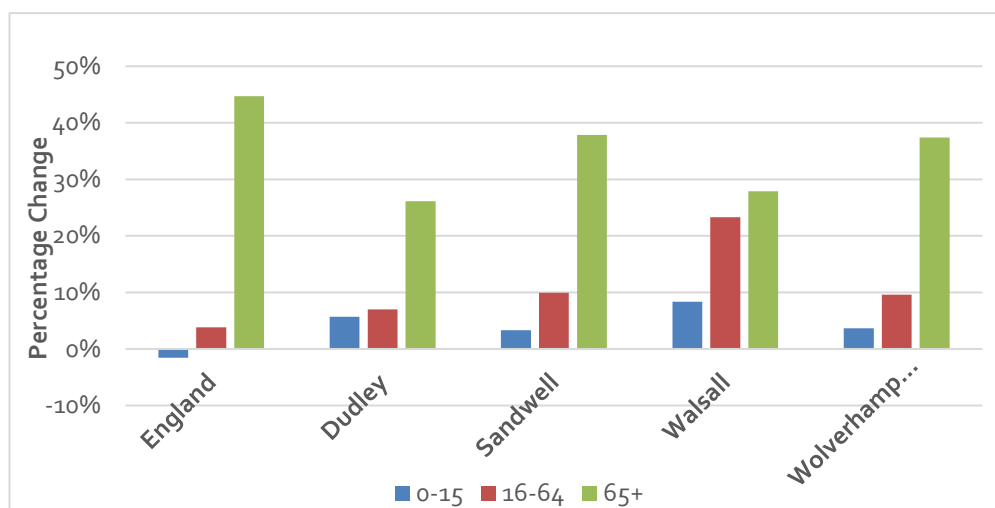
- 4.21. Figure 4.13 shows that all the constituent districts of the Black Country are projected to see a positive population growth to 2043, a total of 151,788 more people in the Black Country (up to 1.35 million by 2043). This equates to a 12.7% increase over this time period, which is higher than the national average of 10.3%. **All the Black Country districts are projected to see higher proportionate population growth over the period 2018-2043 than nationally, with Walsall of all the Black Country districts projected to see the highest population growth at 14.8%.**

Figure 4.13: Projected Growth in Population in the Black Country, 2018-2043



Source: ONS, Sub-National Population Projections, 2018.

- 4.22. Figure 4.14 shows that in all the areas the older adult population is the group that is projected to grow by the largest proportionate amount, with the working age population growing by a smaller proportionate amount and the young population growing by the smallest amount. Walsall of all the Black Country districts is projected to have the largest working age population and largest young age population.

Figure 4.14 Projected Change in the Population by Age Group, 2018-2043

	Dudley	Sandwell	Walsall	Wolverhampton	Black Country	England
Ages 0-15	3,321	2,331	4,847	1,932	12,431	-154,699
Ages 16-64	13,760	20,711	23,145	15,904	73,519	1,373,904
Ages 65+	17,023	18,645	13,912	16,258	65,838	4,547,715
All Ages	34,104	41,687	41,903	34,094	151,788	5,766,920

Source: ONS, Sub-National Population Projections, 2018.

- 4.23. In the Black Country, 10% of residents have no qualifications – that is more than the national average of 7% (Figure 4.15). 31% of Black Country residents are qualified to level NVQ4+, compared to 40% in Birmingham, and 44% nationally. Dudley and Wolverhampton have the highest proportion of resident population with NVQ4+ (both 35%) whilst Walsall has the lowest with 27%. In the Black Country, the majority of residents are qualified to level NVQ2+ (69%). This still remains lower compared to 73% in Birmingham and 78% nationally.

Figure 4.15: Qualifications of Black Country Residents

	Dudley	Sandwell	Walsall	Wolverhampton	Black Country	Great Britain
NVQ4+	35%	28%	27%	35%	31%	44%
NVQ3+	53%	42%	49%	56%	50%	62%
NVQ2+	75%	62%	68%	72%	69%	78%
NVQ1+	82%	75%	79%	84%	80%	88%
Other qualifications	10%	14%	11%	6%	10%	6%
No qualifications	8%	11%	10%	10%	10%	7%

Source: Nomis, Jan 2021- Dec 2021. Figures have been rounded up/down.

- 4.24. As shown in Figure 4.16, the percentage of Black Country residents with no qualifications has decreased by 9.2% between 2015 and 2021, with Sandwell having the greatest decrease in residents with no qualifications (10.8%) followed by Wolverhampton (9.5%). This is greater than in Great Britain, which saw a 2.4% decrease in people without qualifications between 2015 and 2021. Also, between 2015 and 2021 more Black Country residents are now qualified to level NVQ4+ (9.1% increase), compared to a 6.5% increase in Great Britain as a whole.

Figure 4.16: Percentage Difference in Qualifications of Black Country Residents between 2015 and 2021

	Dudley	Sandwell	Walsall	Wolverhampton	Black Country	Great Britain
NVQ4+	+10.0%	+7.5%	+5.8%	+11.4%	+9.1%	+6.5%
NVQ3+	+7.3%	+5.6%	+10.9%	+11.6%	+8.5%	+4.5%
NVQ2+	+10.7%	+7.6%	+10.2%	+12.0%	+9.9%	+4.2%
NVQ1+	+5.1%	+6.6%	+7.4%	+10.4%	+7.9%	+2.6%
Other qualifications	+2.7%	+4.1%	+0.7%	-1.0%	+1.4%	-1.1%
No qualifications	-7.7%	-10.8%	-8.1%	-9.5%	-9.2%	-2.4%

Source: Nomis, April 2015 – March 2016 & Jan 2021 - Dec 2021. Figures have been rounded up/down.

- 4.25. As shown in Figure 4.17, the Black Country has a higher proportion of Administrative and Secretarial, Skilled Trades Occupations, Caring, leisure and other service, Process, Plant and Machine Operatives and Elementary Occupations than nationally. On the other hand, the Black Country has lower high skilled jobs such as Managers, Directors and Senior Officials, Professional Occupations and Associate Professional and Technical than nationally.

Figure 4.17: Skills Profile of Black Country Residents Aged 16-64

	Dudley	Sandwell	Walsall	Wolverhampton	Black Country	Great Britain
Managers, Directors and Senior Officials	9%	8%	9%	9%	9%	10.5%
Professional Occupations	18%	20%	12%	23%	18%	24%
Associate Professional & Technical	17.5%	11%	14%	13%	14%	15%
Administrative & Secretarial	12%	13%	11%	10.5%	11.5%	10%
Skilled Trades Occupations	14%	9%	13%	7%	11%	9%
Caring, leisure and other service	8%	13%	16%	13%	12%	9%
Sales and customer service occupations	5%	6%	5%	3.5%	5%	7%
Process, plant and machine operatives	8%	8%	8.5%	11%	9%	5.5%
Elementary occupations	8%	13%	11%	10.5%	11%	10%

Source: Nomis, 2021. Figures have been rounded up/down to the nearest whole percentage point.

- 4.26. Figure 4.18 shows that **the Black Country experienced a rise in residents working in high skilled occupations**. For example, the Black Country experienced a 4.3% increase in residents working in Professional Occupations between 2015 and 2021, with Wolverhampton experiencing the greatest increase of 10.9%. This is higher than the overall increase in Professional Occupations in Great Britain (3.7%). Residents working in other high skilled occupations such as Associate Professional and Technical Occupations increased by 3.0% in the Black Country within the same period, with Dudley experiencing the greatest increase of 5.5%. This is greater than the increase in Associate Professional and Technical Occupations in the Great Britain (1.3%).

Figure 4.18: Skills Profile of Black Country Residents Aged 16-64, between 2015 and 2021

	Dudley	Sandwell	Walsall	Wolverhampton	Black Country	Great Britain
Managers, Directors and Senior Officials	+2.4%	+0.3%	-1.4%	+3.1%	+0.9%	+0.5%
Professional Occupations	+1.1%	+6.8%	-1.7%	+10.9%	+4.3%	+3.7%
Associate Professional & Technical	+5.5%	+0.8%	+3.2%	+1.3%	+3.0%	+1.3%
Administrative & Secretarial	+0.6%	+0.6%	+0.1%	-1.5%	-0.5%	-0.8%
Skilled Trades Occupations	-1.2%	-2.2%	+0.4%	-7.1%	-2.2%	-2.2%
Caring, leisure and other service	-1.7%	+2.2%	+6.0%	+2.7%	+2.3%	+0.2%
Sales and customer service occupations	-3.7%	-3.3%	-3.3%	-6.5%	-4.1%	-1.1%
Process, plant and machine operatives	-0.2%	-3.1%	-2.5%	-0.4%	-1.4%	-0.5%
Elementary occupations	-2.8%	-2.1%	-1.2%	-2.5%	-2.4%	-1.4%

Source: Nomis, 2015 and 2021. Figures have been rounded up/down.

Labour Market

- 4.27. Employment in the Black Country makes up 1.5% of total employment in Great Britain (see Figure 4.19). Employment in the Black Country has fallen, from 451,200 in 2014 to 443,500 in 2021 – a decrease of 1.7%. Sandwell has experienced the biggest fall in employment, from 129,600 in 2014 to 122,600 in 2021 – a decrease of 5.4% whilst Dudley has experienced the biggest rise in employment, from 111,600 in 2014 to 113,900 in 2021 – an increase of 2.1%.

Figure 4.19: Employment Change in the Black country, 2014 - 2021

	Employment 2021	Employment 2014	% Change 2014
Dudley	113,900	111,600	2.1%
Sandwell	122,600	129,600	-5.4%
Walsall	101,700	99,900	1.8%
Wolverhampton	105,300	110,100	-4.4%
Black Country	443,500	451,200	-1.7%
Great Britain	30,103,600	28,989,400	3.8%

Source: BRES, 2014 and 2021. Percentages have been rounded up/down.

- 4.28. Figure 4.20 shows that 66% of employees in the Black Country are in full-time employment, this is similar to the equivalent national figure (66%) but lower than Birmingham (68%). Part-time employment is also relatively higher in the Black Country (32%) than nationally (31%) and Birmingham (30%).
- 4.29. The workplace average weekly pay in the Black Country is £570, and the residence average weekly pay is £560, both of which are lower than the national average of £610 (see Figure 4.21). Dudley has the highest workplace average weekly pay of £600 as well as the highest residence average weekly pay of £590 of any other Black Country district.
- 4.30. Comparing the average weekly workplace pay for full time workers in the Black Country between 2015 and 2021 shows that the Black Country **experienced an 8.8% increase in workplace average weekly pay in real terms** (i.e. adjusted for inflation) over this period. **This is higher than the equivalent national average increase of 3.2% in the same period.** In the same period, average weekly pay for the Black Country **residents increased by 5%** - the equivalent increase nationally was **3.2%**.

Figure 4.20: Employment Structure in the Black Country

	Employment	FT Employees	PT Employees	Working Owners
Dudley	113,900	64%	34%	2%
Sandwell	122,600	69%	29%	2%
Walsall	101,700	65%	33%	2%
Wolverhampton	105,300	66%	32%	2%
Black Country	443,500	66%	32%	2%
Great Britain	30,103,600	66%	31%	3%

Source: BRES, 2021. Percentages have been rounded up/down to the nearest whole number.

Figure 4.21: Average Weekly Pay for Full-Time Workers in the Black Country

	Average Weekly Pay - Workplace	Average Weekly Pay - Residence
Black Country	£570	£560
Dudley	£600	£590
Sandwell	£560	£540
Walsall	£560	£550
Wolverhampton	£550	£560
Birmingham	£620	£560
Great Britain	£610	£610

Source: Nomis, 2021. Figures have been rounded up/down to the nearest whole figure (10).

Key messages

- The Black Country is home to 1.21 million people, up 4% from 1.17 million in 2015. In the future, all the constituent districts of the Black Country are projected to see positive population growth, with a total of **151,788 more people in the Black Country** (up to 1.35 million by 2043). **This equates to a 12.7% increase over this time period, which is higher than the national average of 10.3%.**
- **Employment in the Black Country has fallen over time**, from 451,200 in 2014 to 443,500 in 2021 – a decrease of 1.7%. Of the four BCLAs, Sandwell has experienced the biggest fall in employment at 5.4%; and Dudley has experienced the biggest rise in employment, an increase of 2.1%.
- Between 2015 and 2021, **the Black Country has experienced an 8.8% increase in workplace average weekly pay in real terms for full-time employees, nearly three times the equivalent national figure of 3.2%.**
- The total GVA produced by the Black Country in 2020 was £20.1 billion. **The economic output of the Black Country per working age head of population continues to be well below the equivalent national average, with difference between the Black Country and the rest of the UK at £11,900 when compared to the rest of the UK (or, £8,200 if London is excluded from the national average).** The difference between the GVA per working age population in the Black Country and the rest of England has been increasing over time (although this could be explained by a number of factors including differences in the types of jobs, salaries, skills and productivity).

- Nevertheless, as reported by [the Black Country Intelligence Unit](#), following the continued easing of lockdown, key regional indicators continue to suggest an increasingly well-performing local economy with the West Midlands Business Activity Index and Future Activity Index both at relatively high levels.
- However, the [West Midlands Business Activity Index](#) in April 2022 pointed to a softer increase in business activity across the West Midlands as demand was hampered by elevated price pressures, according to the NatWest PMI. [®] Falling from 59.1 in March to 54.5, the headline Business Activity Index – a seasonally adjusted index that measures the month-on-month change in the combined output of the region’s manufacturing and service sectors – indicated the slowest rate of growth in three months. **Where output rose**, companies mentioned new contract wins, expanded capacities and the **catching up of projects that had been delayed due to COVID-19**.
- **Health makes up most employment in the Black Country (15.8%), closely followed by manufacturing (13.6%) and Retail (10.6%).** The Black Country also has a high density of building technologies businesses contributing £1.4 billion in GVA or 6.6% of the whole economy higher than the national average of 6.1%. As well as this, £1 billion of Black Country GVA is attributable to environmental technologies, 4.7% of the local economy higher than the national average of 2.5%, representing 43.8% growth since 2010.
- The Black Country businesses continue to benefit from a range of skills and knowledge that exist in the wider region, which boasts 10 leading universities, 8 science parks and a number of specialist further education institutions. At the same time, as reported by [the Black Country Intelligence Unit](#), **businesses continue to express fears that a lack of suitable qualified and experienced applicants for vacant positions will damage the prospect of business recovery post-Covid. Specifically: increased wages, with companies starting to see wage inflation (up to 15% rise in hourly rates) affecting their ability to recruit; ineffective supply chains and post pandemic burnout.**
- As stated in 2017 EDNA, the diversity of economic sectors in the area and local strongholds of employment e.g. manufacturing and wholesaling/distribution as well as retail and health, need to be spatially accommodated in a way that both meets these sectors’ modern/future needs and ensures their sustained growth. New sectors are also emerging (e.g. environmental and building technologies) and their needs for employment space will also need to be accommodated (these could include both office related space, general industrial or light industrial uses).
- The world of work also continues to change. As noted in the previous section of this report, **a green, ecologically sustainable economy will have implications for the world of work**, with the phasing out (or changing) of jobs in carbon-intensive activities (including transport and manufacturing) but also the creation of new green jobs (including renewable energy installers and working in recycling centres or resource-efficient manufacturing).
- Overall, to balance the economic and social/distributional needs of the area, there is a need for space to accommodate both the growth and needs of a range of sectors (and possibly their clusters and supply chains) and an increasing population but also new patterns of work.
- Review of the area’s key economic and human resource assets such as occupations, skills and employment sectors all reflect that the four districts within the Black Country have similarities but also differences, e.g. in terms of their economic and industrial composition.

5. Property Market Context

- 5.1. This section provides an overview of the latest information related to the property market in the Black Country.

Industrial and Logistics market

- 5.2. Occupier demand for industrial and logistics space in the West Midlands continues to be exceptionally strong, with record levels of take-up. In 2021, take-up was 5.1 million sq. ft, the largest since 2014 and 42% above the five-year average.³⁵ This trend has continued into 2022, with take-up the first half of the year at 4.6 million sq. ft, the strongest ever recorded, and 103% above the long-term average.³⁶
- 5.3. Take-up was driven by strong activity in the large unit or 'big box' segment, with units over 300,000 sq. ft particularly sought after. Likewise, Grade A space is increasingly targeted by occupiers, accounting for 66% of take-up of new space in 2021. This is due to a lack of existing second hand units and a drive to reduce costs and increase operational efficiency.³⁷ ESG remains a high priority for both landlords and tenants as they look for high-quality, sustainable, green buildings to help reduce carbon footprints and meet the government's minimum energy efficiency standard of EPC 'B' by 2030.³⁸
- 5.4. **Logistics operators are driving demand.** This is partly in response to an increased need for flexibility from businesses, arising from economic uncertainty and changes in consumer behaviour.³⁹ For example, [Super Smart Services](#), an e-commerce fulfilment and distribution supplier, took nearly 1 million sq. ft of space across eight units in the West Midlands in 2021, including in Aldridge (Walsall) and Wolverhampton.
- 5.5. Bulleys, a West Midlands commercial property consultancy, states that **large units are increasingly in demand across the Black Country**, with the region benefitting from increased interest as London investors seek solid returns and higher yields than can be found in the South East's overheated property market, coupled with early economic ripples from HS2 (for example, the [West Midlands freight interchange](#) at Four Ashes in South Staffordshire).
- 5.6. The strong demand for new space has prompted record levels of speculative development. For example, **there is currently 1.8 million sq. ft being speculatively developed** across the West Midlands, including 223,00 sq. ft at Wolf Pack, Hilton Cross near Wolverhampton.⁴⁰
- 5.7. Despite high levels of new development, **supply is struggling to keep up with strong occupier appetite for warehouses, with shortages reaching critical levels.** In the West Midlands, availability has fallen significantly since the end of 2021 and is now at its lowest

³⁵ LSH, [Industrial and Logistics Market Report](#) (2022); and Colliers, [Industrial and Logistics Viewpoint](#) (March 2022).

³⁶ Savills, [The logistics market in the West Midlands](#) (July 2022).

³⁷ Cushman & Wakefield, [UK Logistics and Industrial Report Q2, 2022](#) (July 2022); Colliers, [Industrial and Logistics UK Barometer](#) (July 2022); and Colliers, [Industrial and Logistics Viewpoint](#) (March 2022).

³⁸ Avison Young, [Big Box Bulletin H1 2022](#) (July 2022).

³⁹ Cushman & Wakefield, [UK Logistics and Industrial Report Q2, 2022](#) (July 2022); Colliers, [Industrial and Logistics UK Barometer](#) (July 2022); and Colliers, [Industrial and Logistics Viewpoint](#) (March 2022).

⁴⁰ JLL, [Multi-let and Mid Box Industrial Market Report](#) (June 2022); and LSH, [Industrial and Logistics Market Report](#) (2022).

level on record (see Table 5.1). This is particularly acute for Grade A space, whilst Grade B space availability has also contracted and is at its lowest level on record.⁴¹

- 5.8. As such, Knight Frank and Colliers estimate that **three months' supply of existing buildings remain**, with only 4.5 million sq. ft available (down 57% year on year) – a 'worryingly low' level.⁴²

Table 5.1: West Midlands supply and demand for the industrial and logistics market, 2022

	Statistics	Year-on-year change	
Demand	4.57 million sq. ft	47%	Increase
Supply	2.51 million sq. ft	29%	Decrease
Development pipeline	2.2 million sq. ft	19%	Increase
Grade A rent	£9.75 per sq. ft	30%	Increase
Vacancy rate	2.77%	138 bps	Decrease

Source: Savills, The logistics market in the West Midlands (July 2022)

- 5.9. Many speculative units under development taken up during the first half of the year have already been let prior to completion, highlighting the high levels of demand and limited supply.⁴³ As such, Knight Frank expects an increase in built-to-suit activities over the next 12 to 18 months.⁴⁴
- 5.10. The market is set to become even more strained due to external factors such as ongoing supply chain problems and potential construction delays driven by the uncertain political and economic situation. Surging costs, including an increase in the price of both building materials and fuel are just some of the pressures facing the sector on top of the fierce competition for strategic sites which is pushing rental and capital values upwards.⁴⁵
- 5.11. Strong demand and limited availability is fuelling strong rental growth, with rents increasing as much as 50 pence per sq. ft every three to six months. For example, in March 2022 Colliers reported that rents in the West Midlands had risen from £6.75-£7 per sq. ft to £7.75-£8 per sq. ft, particularly in prime locations, with smaller units reaching rents of £8.25 per sq. ft.⁴⁶ By June 2022, this had increased to a high of £11 per sq. ft in Solihull, with Black Country rents around £8.50 per sq. ft (see Table 5.2).⁴⁷
- 5.12. Avison Young expects 2022 will be a challenging year for the industrial market. However, this is unlikely to dampen demand for space as online retail sales are forecast to continue growing during the year.⁴⁸ Likewise, JLL anticipates the market to stay strong as demand still outstrips supply, with landlords reporting record low voids on estates, occupiers asking to be put on

⁴¹ Cushman & Wakefield, [UK Logistics and Industrial Report Q2, 2022](#) (July 2022).

⁴² Knight Frank, [Midlands Logistics and Industrial Report](#) (2021). Colliers, [Industrial and Logistics Viewpoint](#) (March 2022).

⁴³ Cushman & Wakefield, [UK Logistics and Industrial Report Q2, 2022](#) (July 2022); and Colliers, [Industrial and Logistics UK Barometer](#) (July 2022).

⁴⁴ Knight Frank, [Midlands Logistics and Industrial Report](#) (2021).

⁴⁵ Avison Young, [Economic and Property Market Review](#) (July 2022); and Avison Young, [Big Box Bulletin H1 2022](#) (July 2022).

⁴⁶ Colliers, [Industrial and Logistics Viewpoint](#) (March 2022).

⁴⁷ JLL, [Multi-let and Mid Box Industrial Market Report](#) (June 2022).

⁴⁸ Avison Young, [Big Box Bulletin H1 2022](#) (July 2022).

waiting lists, and second-hand buildings going under offer before they even come back to the market. There are also cases of best bid scenarios as occupiers are keen to not miss out on prime industrial and logistics space.⁴⁹

Table 5.2: Rent per sq. ft in the West Midlands

Location	Rent (£ per sq. ft)
Solihull	11.00
Birmingham	10.00
Coventry	10.00
Black Country	8.50
Stoke-on-Trent	8.00
Telford	7.75

Source: JLL, Multi-let and mid box industrial market report (2022)

Overview of the office market

- 5.13. The office market is constantly shifting, with changes specific to location. The Covid-19 pandemic has led to an increase in remote working and put relocation decisions on hold – Grade A and flexible office space is in demand.
- 5.14. Despite this context, the Midlands has seen a 31% increase in office enquiries over the 12 months to March 2022, the second largest increase in the UK.⁵⁰ For example, Goold Estates, a Black Country-based commercial property developer, reports that demand for high-quality offices with good parking provision is strong in towns across the Black Country. It has [recently completed lettings and lease renewal, totalling almost 40,000 sq. ft, to six occupiers](#) at offices in Oldbury, Walsall and Brierley Hill – there is only 1,400 sq. ft now available across their entire portfolio.
- 5.15. [Anthony Williams, property director at Goold Estates, said](#): “Despite Covid restrictions and subsequent changes in working patterns, we have found the office market to be buoyant, having renewed or re-let almost 30,000 sq. ft at Black Country House, Oldbury over the last two years. We are now fully let and are delighted to have retained long-term tenants, as well as attracting four new tenants to the building.”
- 5.16. Open Move reported that most office buildings are purchased by investors to turn into residential units. For example, [Intersection House in West Brom was recently bought for £4 million for residential redevelopment](#) – it was previously occupied by Interserve, before lying vacant for 18 months. The office market value is low and significantly decreases its demand.⁵¹
- 5.17. LSH reports that the office market is volatile and difficult to predict currently. However, cost savings are a significant driver. This may make areas within the Black Country attractive, with Wolverhampton, a short distance from Birmingham, representing a 30% plus rental discount for prime accommodation. For example, the Department for Levelling Up and Communities [recently announced that the ig building in Wolverhampton will be its second HQ](#).

⁴⁹ JLL, [Multi-let and Mid Box Industrial Market Report](#) (June 2022).

⁵⁰ EG, [Demand Data Report](#) (July 2022).

⁵¹ RICS, [UK Commercial Property Market Survey Q2 2022](#) (July 2022).

Commercial property market – recent deals

5.18. In terms of specific deals related to the Black Country market and economy, a few are notable within the last few years:

- **i54, South Staffordshire:** Morris Site Machinery has [bought 3.5 acres at i54 for £1.2 million](#) to provide 67,000 sq. ft of manufacturing and office space. i54 is a joint partnership between Staffordshire County Council, Wolverhampton City Council and South Staffordshire District Council. The quality of this park is reflected in the major occupiers located here including Jaguar Land Rover, international aerospace company MOOG, international laboratory company Eurofins, and International Security Printers Ltd. An [extension to i54, covering 850,000 sq. ft of fully serviced factory platforms](#), has recently been completed and is ready for new occupiers to build units on.
- **Four Ashes, South Staffordshire:** CEVA Logistics has taken a 450,000 sq. ft unit at Four Ashes Industrial Estate. Whilst the planning authority is South Staffordshire District Council but the 52 acre site is strategically located in the West Midlands, close to J12 of the M6 (and with the new JLR engine plant within approximately four miles). A [further 8 million sq. ft is set to be built nearby](#) as part the of the West Midlands freight interchange.
- **Hilton Cross, Wolverhampton:** three speculative units of 47,750 sq. ft, 62,000 sq. ft and 113,000 sq. ft [have just been completed by Barberry at cost of £35 million](#). Located at J1 of the M54, the site sits just three miles east of the strategic i54 park at J2. Also at Hilton Cross, [a warehouse facility totalling 143,000 sq. ft has been bought by Oxenwood Real Estate for £12.2 million](#) from the occupier Mann+Hummel. When the current 18-month lease expires, the unit will be extensively refurbished and repositioned as a distribution warehouse.
- At nearby **Discovery & Antar Park, Wolverhampton**, a [US-based printing specialist has opened a new manufacturing facility](#), taking a 10 year lease for the 88,377 sq. ft Antar 2.
- **Pantheon Park, Wolverhampton** has seen notable lettings for its last three units, taken up by Crown Workspace (30,132 sq. ft) and Super Smart Services (83,466 sq. ft and 133,011 sq. ft). Self-storage company Lok'N'Store has also opened a new site there.
- At **Revolution Park** in Wolverhampton, Trebor Developments are building DPD a [new 60,000 sq. ft warehouse parcel facility](#).
- **Sandwell:** Hadley Group, a global steel engineering business, has taken the entire [191,268 sq. ft Pinnacle 191 scheme in Smethwick](#) on a 10-year lease at £6.50 per sq. ft. The site is less than one mile from J1 of the M5. In addition, Sandwell, Rexville Solutions, a logistics and distribution firm, has taken a [100,00 sq. ft unit at Autobase Industrial Park in Tividale](#) on a 10-year term.
- Also in **Sandwell**, a recently completed [122,000 sq. ft urban warehouse has been acquired for £18.1 million](#), and let at a rent of £0.8 million per annum to ERIKS, an international industrial service provider. The warehouse is highly specified and have been built to a BREEAM Very Good standard. The building is located in Oldbury, close to J2 of the M5.

- **DY5, Dudley:** at Prime Point, Pensnett, [three firms have leased nearly 80,000 sq. ft of space](#) over three units at a speculative development, leaving just unit vacant. Tenants include Stiltz, Total Kare and Glendenning. In addition, German car parts specialist [Herth+Buss has taken the entire first phase of 17,500 sq. ft](#) at Dreadnought Business Park.
- In terms of the office market, Marston's Brewery [has acquired St John's House](#) in **Wolverhampton** city centre to become the new HQ for 250 staff.

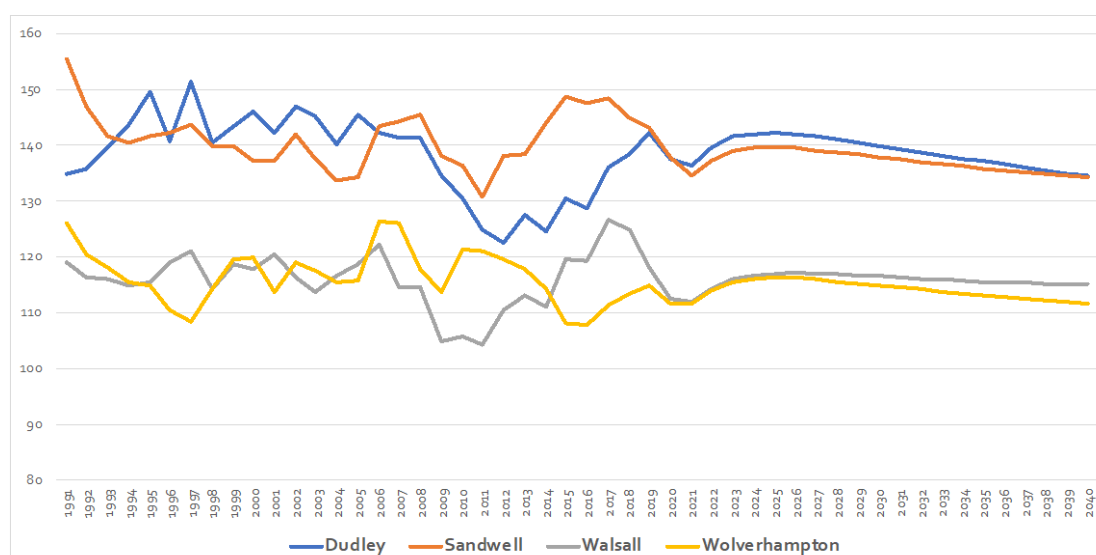
6. Future Employment Needs in the Black Country

- 6.1. This section presents projected economic growth in the Black Country in terms of both GVA and employment.
- 6.2. Growth forecasts are produced for the Black Country by Oxford Economics (these forecasts go up to the year 2040), with the latest set of data provided in 2022. WECD use forecasts of employment and GVA as the basis for determining net additional floorspace and land requirements for industrial uses (both manufacturing and warehouse and distribution type uses).⁵² Forecasts are adjusted by WECD to take into account additional market demand information, e.g., related to completion rates and enquiries for land and development.
- 6.3. Therefore, the latest forecasts produced by Oxford Economics has been reviewed by WECD to: a) examine the relationship with the previous Oxford Economics' forecasts used for the 2017 EDNA (and by doing so to ascertain comparability elements); and b) translate forecasts for growth into future employment land needs i.e. employment land likely to be required to accommodate economic growth over the 20-years of the next planning period.
- 6.4. Future industrial land needs have also been calculated exploring three different scenarios based upon the scenarios within the West Midlands Plan for Growth Framework.

Economic growth projections – Future Employment and GVA

- 6.5. According to Oxford Economics forecasts both the Black Country employment and GVA should be expected to decline by 2040 – a decline in overall employment of 4% between 2019 and 2040. As shown in Figure 6.1, all BCLAs are expected to experience a decline in overall employment to 2040 following an increase in 2022 after a severe deep in 2019/20.

Figure 6.1: Black Country Local Authorities - Total Employment (000s) Forecasts

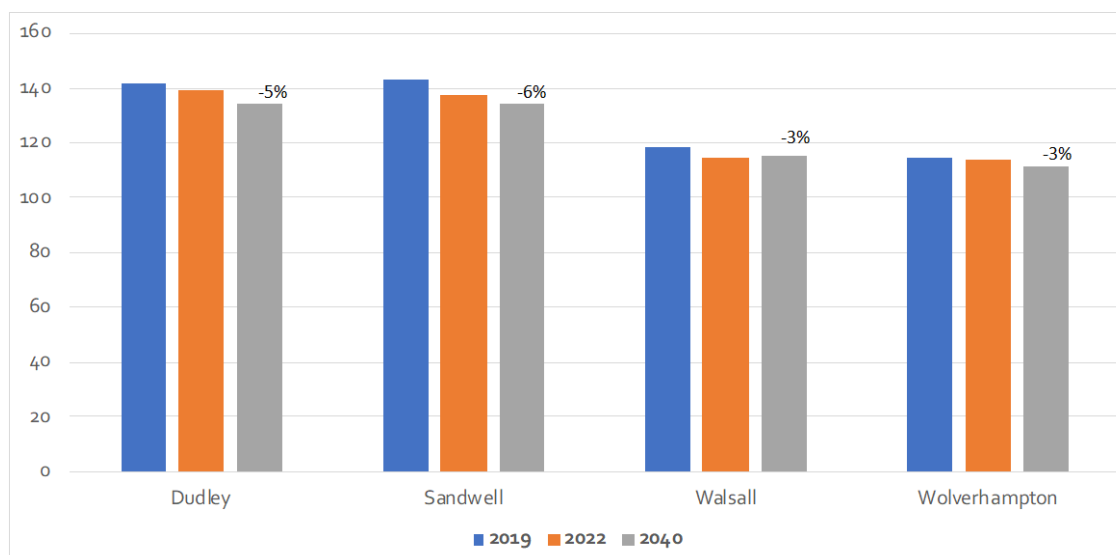


Source: Based on Oxford Economics forecasts

⁵² Previously this was applied to manufacturing type uses only. However, newly available data regarding floorspace at local authority level includes both uses. It is also the case that the relationship between warehousing type floorspace and employment has changed and will likely breakdown in the face of increasing automation as it has done in the case of manufacturing for many years. Early evidence of the latter is seen in Figures 6.8 and 6.10 in this section (employment in the logistics sector declining and GVA increasing).

- 6.6. The Oxford Economics forecasts indicate that, between 2019 and 2040, a total of 22,900 jobs will be 'lost' in the Black Country, with Sandwell and Dudley experiencing higher level of losses, as shown in Figure 6.2.

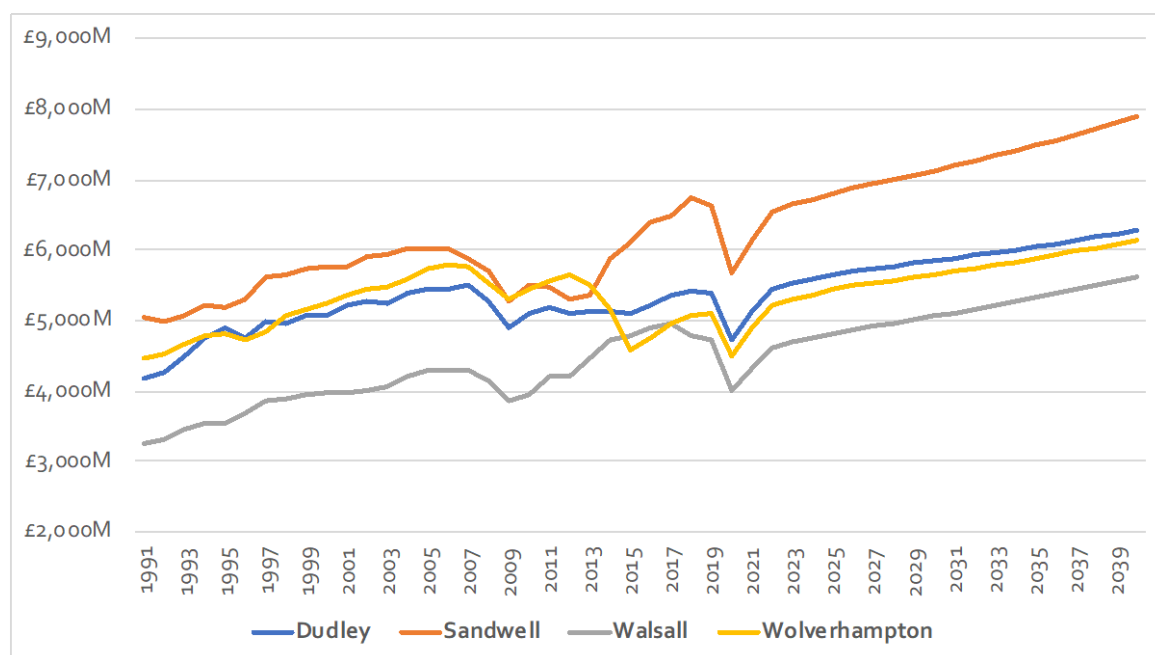
Figure 6.2: Black Country Local Authorities - Employment (000s) Forecasts, 2019 - 2040



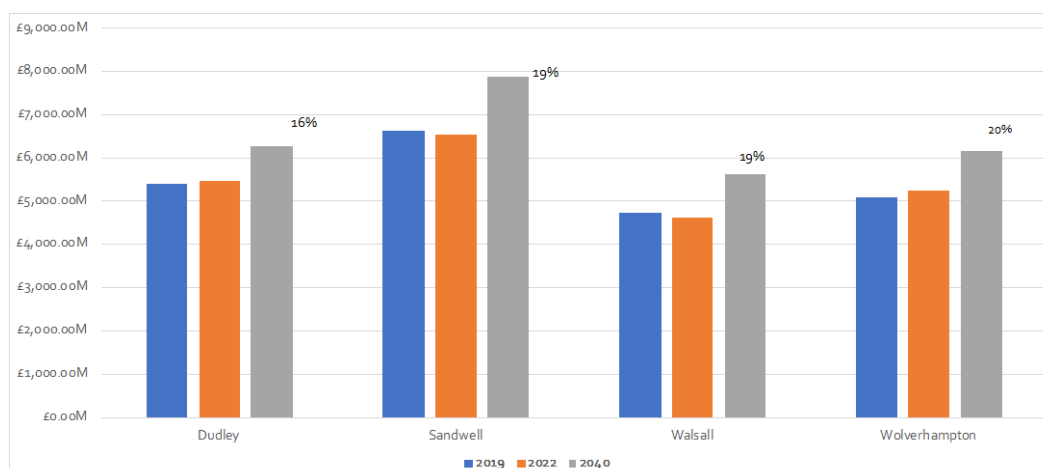
Source: Based on Oxford Economics forecasts

- 6.7. However, GVA forecasts to 2040 are positive for the Black Country and the individual BCLAs, as shown in Figures 6.3 and 6.4, rising from around £22 billion in 2019 to £26 billion in 2040 (in 2018 prices). This represents, approximately, a 19% increase, ranging between 20% for Wolverhampton and 16% for Dudley.

Figure 6.3: Black Country Local Authorities - GVA Forecasts, 1991-2040

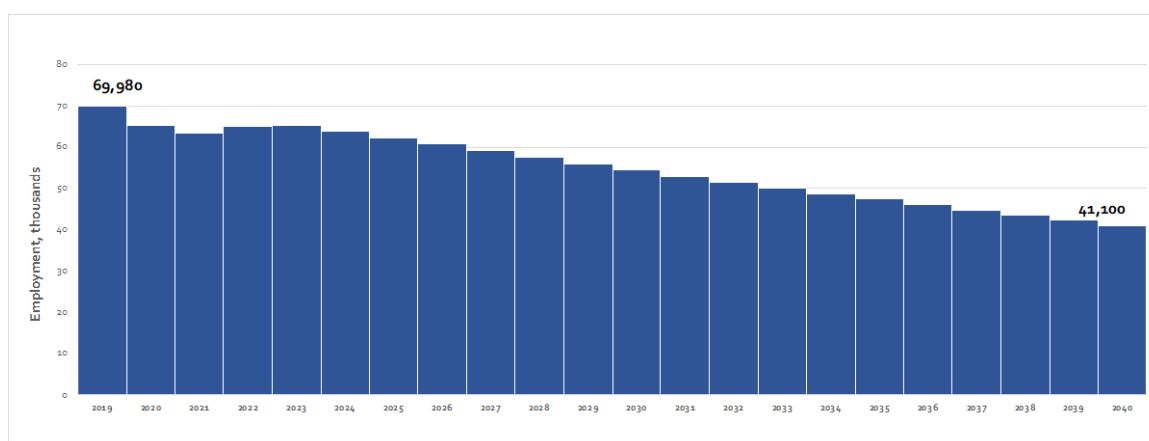


Source: Based on Oxford Economics forecasts, GVA 2018 prices

Figure 6.4: Black Country Local Authorities - GVA Forecasts, 2019-2040

Source: Based on Oxford Economics forecasts, GVA 2018 prices

- 6.8. Sectoral forecasts for 2019-2040 indicate that employment in both manufacturing⁵³ and logistics⁵⁴ will decline across the Black Country, as shown in Figures 6.5 and 6.6, with the manufacturing sector expected to decline by 41% while logistics is expected to decline only by 4%. Decline in manufacturing employment is expected to be at similar levels across all four BCLAs between 2019 and 2040 (see Figure 6.7) - ranging between 44% in Walsall to 40% in Sandwell and Dudley. Employment in logistics is also forecast to decline in Dudley (considerably in comparison with the other authorities), Sandwell and Wolverhampton while it is expected to increase by 2% in Walsall – see Figure 6.8.
- 6.9. According to the same forecasts, GVA in manufacturing will decline steadily following a severe deep in 2020 across all BCLAs – see Figure 6.9. The localities where the manufacturing GVA is forecast to decline comparatively more are Walsall (12%) and Wolverhampton (7.4%). GVA generated by logistics (transport & storage related activities) is forecast to increase by approximately 20% across all BCLAs with the exception of Dudley where it is expected to remain essentially stagnant/at the same levels throughout 2021-2040 (see Figure 6.10).

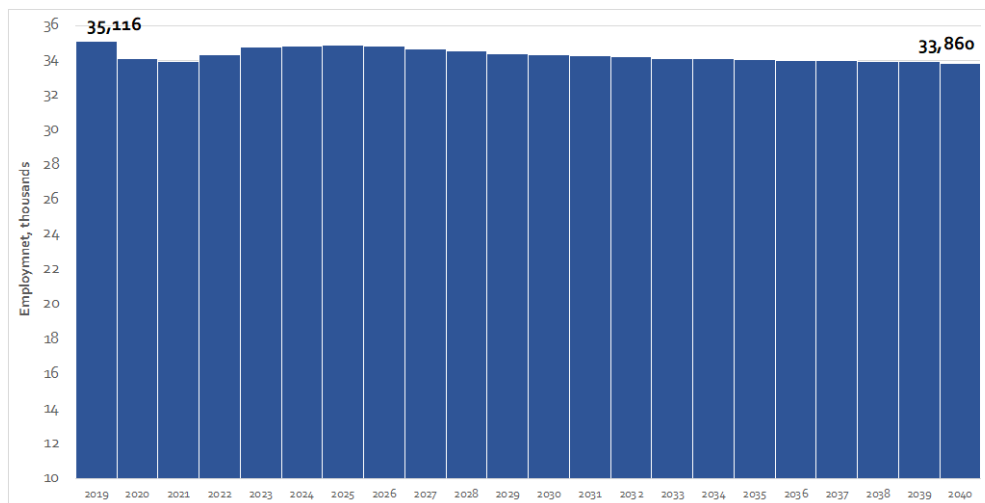
Figure 6.5: Black Country – Manufacturing Employment, 2019 – 2040

Source: Based on Oxford Economics forecasts

⁵³ Manufacturing reflects the whole section C in 2017 Standard Industrial Classification.

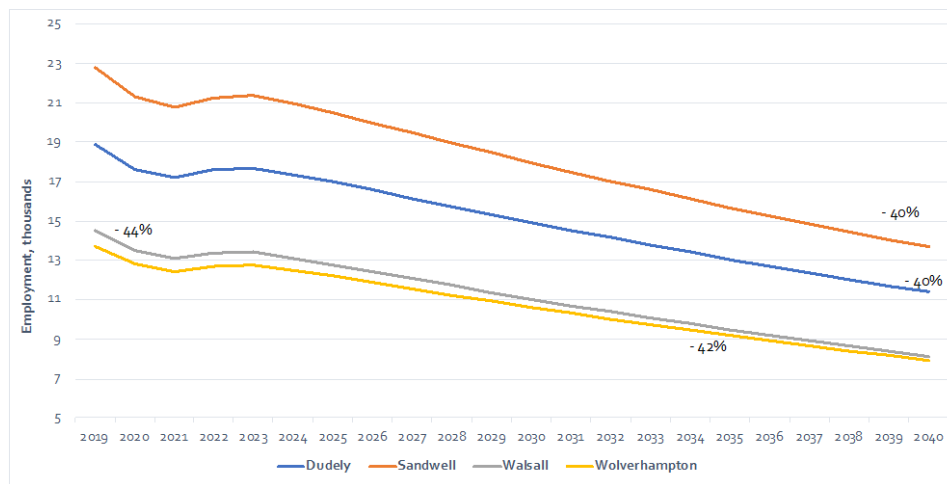
⁵⁴ Logistics reflects the whole section H in the 2017 Standard Industrial Classification.

Figure 6.6: Black Country – Logistics Employment, 2019 – 2040



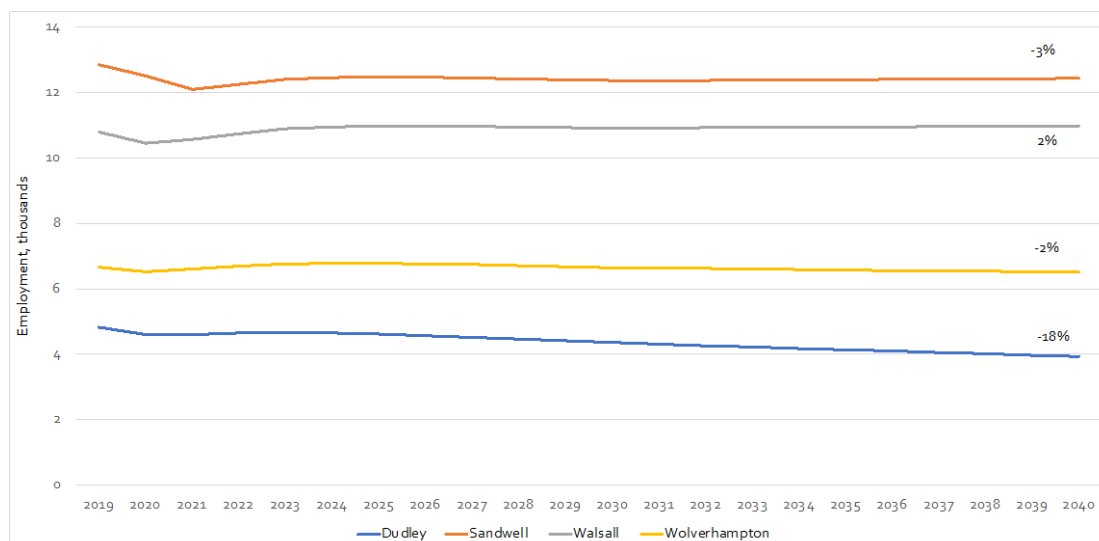
Source: Based on Oxford Economics forecasts

Figure 6.7: Black Country Local Authorities – Manufacturing Employment, 2019-2040



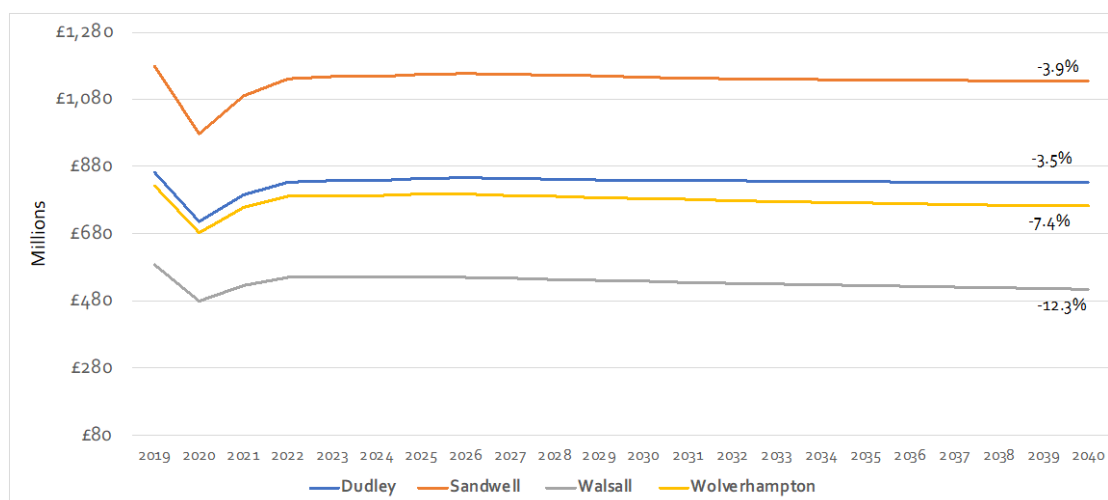
Source: Based on Oxford Economics forecasts

Figure 6.8: Black Country Local Authorities – Logistics Employment, 2019-2040



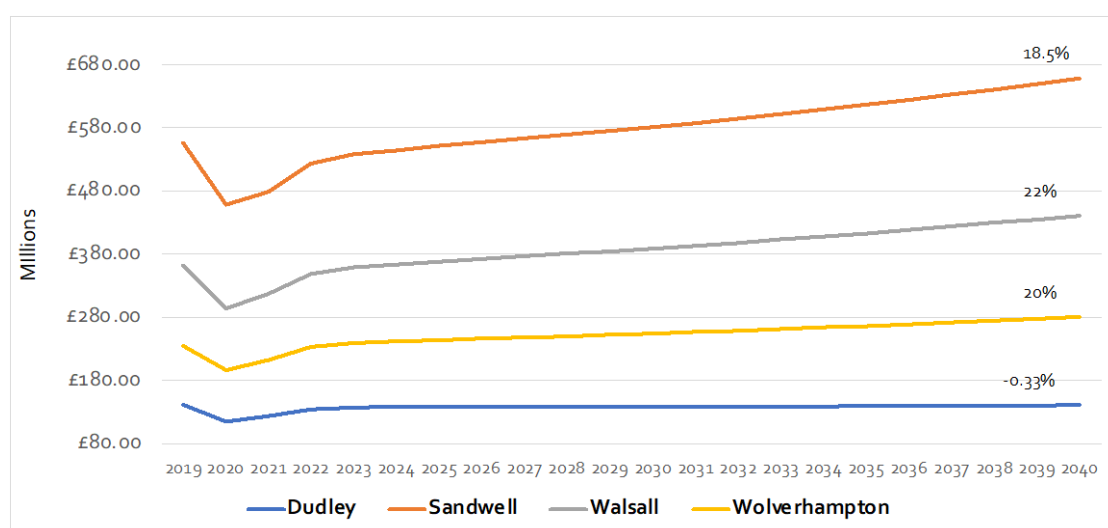
Source: Based on Oxford Economics forecasts

Figure 6.9: Black Country Local Authorities – Manufacturing GVA, 2019-2040



Source: Based on Oxford Economics forecasts

Figure 6.10: Black Country Local Authorities – Logistics GVA, 2019-2040



Source: Based on Oxford Economics forecasts

6.10. Table 6.1 also summarises all these trends for the period 2019-2040.

Table 6.1: Overview of economic forecasts for logistics and manufacturing, 2019-2040

	Employment		GVA	
	Manufacturing	Logistics	Manufacturing	Logistics
Dudley	-40%	-18%	-3.5%	-0.33%
Sandwell	-40%	-3%	-3.9%	+18.5%
Walsall	-44%	-2%	-12%	+22%
Wolverhampton	-42%	-2%	-7.4%	+20%

6.11. The Oxford Economic forecasts also provide an insight into the growth trends expected among other sectors of the economy, with potential impact on uses of land in the Black

Country. Table 6.2 presents the five sectors that are forecast to grow the most between 2019 and 2040 in terms of employment and GVA.

- 6.12. As shown in Table 6.2, four of the five top sectors are forecast to grow in terms of both, GVA and employment, and include: Human health & social work (which is already one of the main sectors in the Black Country – see paragraphs 4.3 and 4.12), administrative & support services, professional, scientific & technical services and information & communication. Most of these activities are office-based, and they are more likely to impact upon office-related land uses.

Table 6.2: Black Country forecast growth 2019-2040 – top five sectors

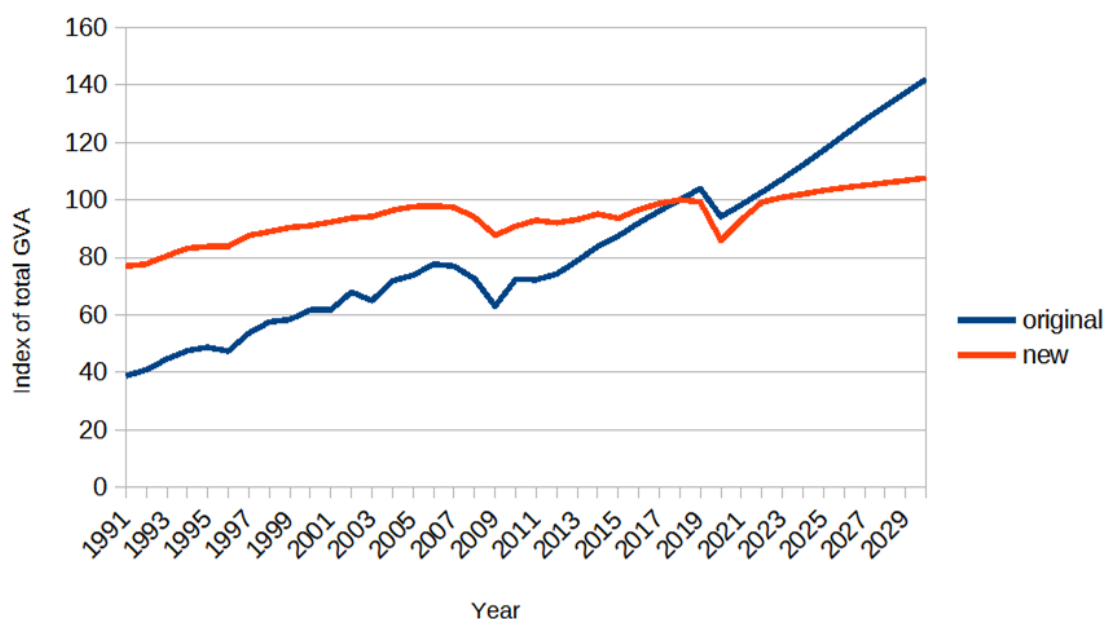
Employment Growth	Sector	Change (number)	Change %
1st	R: Arts, entertainment & recreation	1,983	17.97%
2nd	Q: Human health & social work	11,137	15.15%
3rd	N: Administrative & support services	5,393	12.26%
4th	M: Professional, scientific & technical	2,385	11.10%
5th	J: Information & communication	182	2.49%
GVA Growth			
1st	M: Professional, scientific & technical	£302.11m	49.62%
2nd	J: Information & communication	£276.03m	48.47%
3rd	Q: Human health & social work	£909.84m	41.21%
4th	N: Administrative & support services	£308.56m	38.29%
5th	D: Utilities	£164.25m	35.86%

Source: Based on Oxford Economics forecasts

Estimated Employment Land Requirements

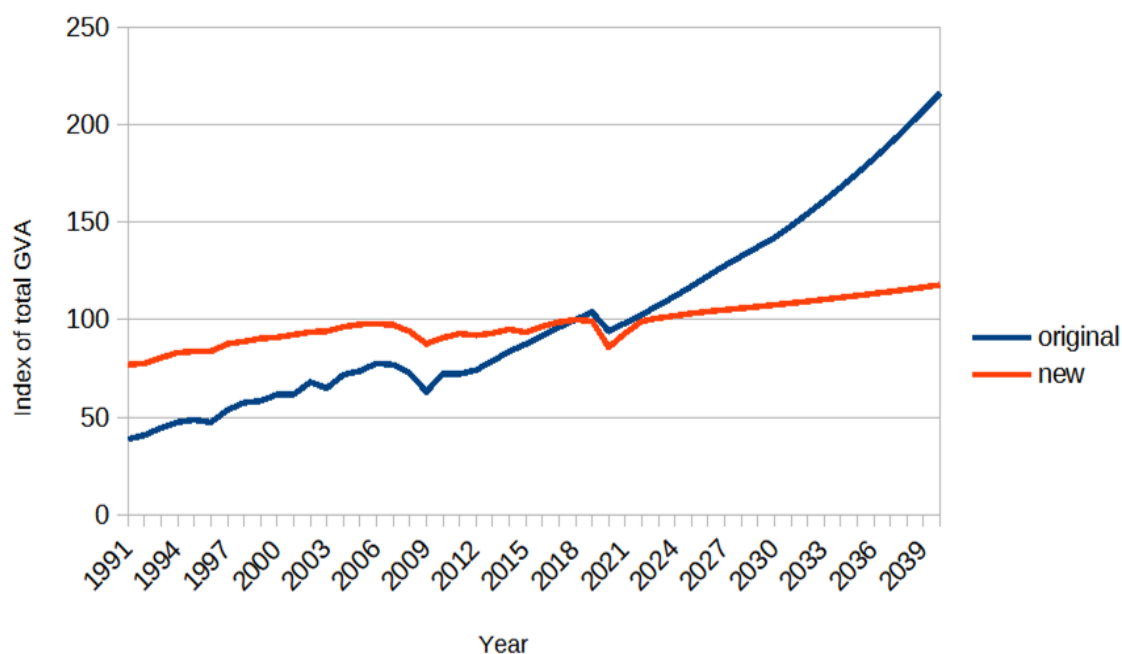
- 6.13. Detailed review of the new Oxford Economics forecasts (produced post-pandemic) indicates that these are significantly different from the forecasts that informed the 2017 EDNA and the subsequent revisions (referred to here as the 'original' forecasts). For example, as shown in Figure 6.11, these new forecasts project a significantly lower level of GVA for the Black Country up to the year 2030 (and so also forward up to 2040/2042).

Figure 6.11: Original Forecasts vs New Set of Oxford Economics Forecasts for GVA



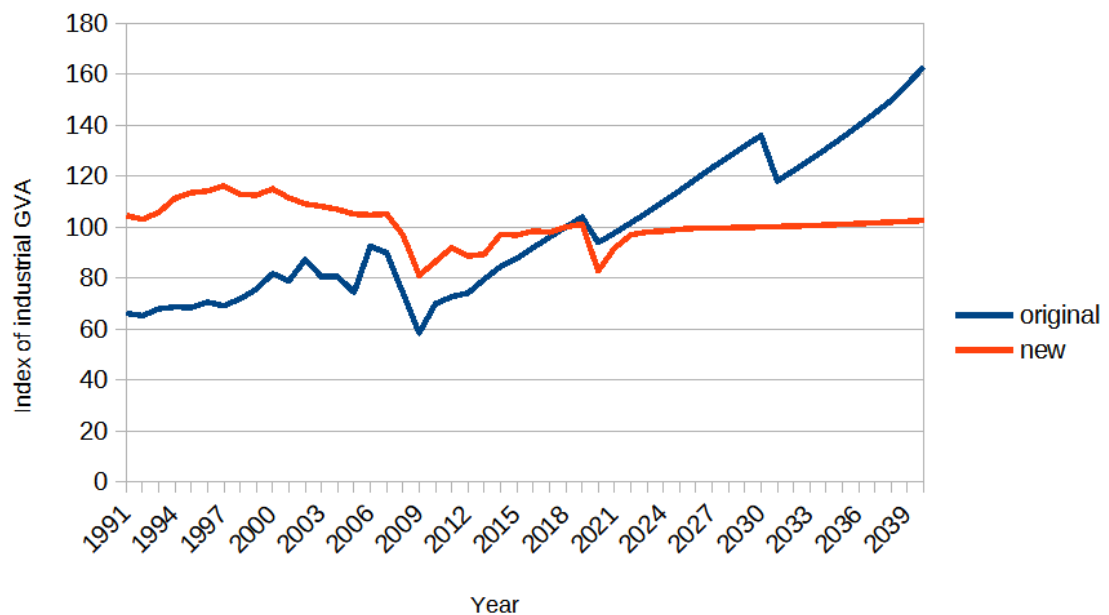
- 6.14. Whilst there is a larger drop of total GVA over the 2020/2022 period than originally envisioned, Figure 6.12 shows that the forecasted direction of travel is also lower than the original forecasts. This difference continues to increase when taken up to 2040, and is equivalent to £19,670m over the period 2022 – 2040.

Figure 6.12: Trends/Index of GVA up to 2040 for the Black Country



- 6.15. Figure 6.13 shows the GVA trend for the industrial sectors (both manufacturing and logistics) based on the new and original forecasts and indicates a nearly flat rate forecast for these sectors for the next planning period (between 2022 and 2040).

Figure 6.13: Trends/Index of Industrial GVA up to 2040 for the Black Country



- 6.16. Within this significantly different set of trends but also in the light of the property market context, (additional) GVA has been translated into industrial land needs using the following methods:
- Past completions.
 - Regional GVA forecasts provided by Oxford Economics have been translated into industrial needs for the period 2020-2040 – referred to as the **Regional Forecasts Model 2020 (Baseline)**.
 - Regional GVA forecasts provided by Oxford Economics (to the Black Country Consortium) have been translated into industrial needs for the period 2022-2040 – referred to as the **Regional Forecasts Model 2022 (Baseline)**. The large drop in GVA during the pandemic period (2019-2021) results in the growth figures and associated employment land requirements in the subsequent years appearing 'larger' than they would normally be. A proportion of that requirement may (most likely) not reflect new demand, but would be taken up by existing infrastructure 'returning' to productive use.
 - Regional GVA figures (produced by ONS) over the period 1998 – 2022 have been used as the basis for forecasting employment land needs up to 2040 – referred to as the **Time Series Model (Baseline)**. This method has been deployed to overcome uncertainties about the future trajectory of the economy and the assumptions made in building wider economic models (see [Appendix A](#) for more detail around the different types of analyses tested and the approach adopted).
- 6.17. Models used the above methods are referred to as '**baseline**' models as no policy-led plans or targets for growth have been taken into account in their construction. Nevertheless, a series of **scenarios have been produced** by WECD drawing on the scenarios included within the West Midlands Plan for Growth Framework (December 2021 version). These scenarios refer to increased amounts of GVA that would be required to be produced within the West Midlands in order to: match average UK GVA growth (scenario 1); be the highest growing region outside of London (scenario 2); and the growth level required to match that of London (scenario 3). [Appendix B](#) provides more detail of how the GVA and industrial land requirements have been estimated taking these three scenarios into account.

a. Industrial requirements based on past completions

- 6.18. Data previously supplied (for applications received within the Black Country authorities) showed an average annual requirement for circa 23 ha per year. As shown in Table 6.3, taking uncertainty into account (i.e. the variance around this average) leads to a requirement over to 2040 of between 397 ha and 610 ha (with a central estimate of 469 ha) i.e. an annual requirement of between around 20 ha and 30.5 ha across the Black Country as a whole.

Table 6.3: Industrial Requirements based on past completions (ha) 2020-2040
(Total and per annum in brackets)

	Low	Mid	High
Dudley	25.2 (1.25)	44.8 (2.24)	64.4 (3.22)
Sandwell	126 (6.3)	176.2 (8.8)	226.5 (11.33)
Walsall	98.7 (4.9)	129.7 (6.5)	160.7 (8)
Wolverhampton	65.7 (3.3)	105.3 (5.3)	144.9 (7.24)
Black Country	396.5 (19.8)	469.4 (23.47)	609.9 (30.5)

Note: The total for the Black Country includes an additional requirement that originated in the Black Country but was developed in South Staffordshire. Therefore, the totals for the Black Country as a whole do not add up to the sum from the districts due to the 0.67 ha per annum in South Staffordshire attributable to the Black Country.

- 6.19. Some limited information is available from the BCLAs on the breakdown of past completions by use class. This information indicates that 33% of completions between 2011 and 2020 were related to manufacturing uses (including light industrial).

b. Regional Forecasts Model 2020 - Baseline

- 6.20. Translating the new Oxford Economics forecasts into employment demand/needs leads to a total requirement of **508 ha between 2020 and 2040**, as presented in Table 6.4. This is based on the same rationale as previously/for the 2017 EDNA calculations, i.e. space and land in the future is used more efficiently as new products, processes and ways of working are expected to enable increasing the productivity of available land.⁵⁵ However, with new data becoming available regarding regional GVA and industrial floorspace by local authority ([the NDR Business Floorspace tables produced by ONS](#)), the relationship between GVA and floorspace has been re-estimated. The new data produce an estimate of 1,594 m² per £m of GVA.⁵⁶ Therefore: industrial GVA £m x 1,594 = industrial floorspace.⁵⁷ These quantities of floorspace are then translated into land requirements by way of assuming a 40% plot development ratio (i.e. the floorspace is 40% of the entire plot).

Table 6.4: Estimated industrial land requirements in the Black Country
Regional Forecasts Model 2020-2040

Economic forecasts	% of contribution to GVA generation	Total industrial land requirement 2020 to 2040
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⁵⁵ Land Use Futures, Making the most of land in the 21st century; see <https://www.gov.uk/government/publications/land-use-futures-making-the-most-of-land-in-the-21st-century>

⁵⁶ The 2017 EDNA was based on 1,544 m² per £m of GVA.

⁵⁷ The relationship was estimated by way of regressing industrial floorspace in the Black Country against GVA in the Black Country and a time trend over the period 1998 – 2021, with the regression being through the origin. An adjustment was also made to account for improvements in productivity.

	Additional GVA (£m)		Land (per annum) ha
Dudley	290	22.7%	115 (5.75)
Sandwell	460	36.0%	183 (9.15)
Walsall	264	20.7%	105 (5.25)
Wolverhampton	263	20.6%	105 (5.25)
Black Country	1,277	100%	508 (25.4)

Source: GVA based on new OE forecasts. WECD calculations including productivity adjustments.

- 6.21. Due to the fact that data as to the relationship between GVA and floorspace is available as 'industrial', i.e. there is no split between manufacturing and logistics (warehousing / distribution) type uses⁵⁸, the figures presented in Table 6.4 should be taken as the totality of the employment land requirement.
- 6.22. Therefore, a split between the manufacturing and warehousing type uses should be applied to these total figures and not estimated separately. An estimate of the split between manufacturing and logistics can be made via the relative general floorspace figures available to date, namely the employment density ratios. For example, employment / floorspace density ratios for manufacturing are generally taken to be circa 36m² per employee while the equivalent figure for logistics type uses is 77m².⁵⁹ On this basis, it is assumed that the split would be circa 32% for manufacturing and 68% for logistics. The resulting estimates for employment needs requirements at Black Country level would then be delineated across the two use classes as follows:
- 163 ha for manufacturing uses; and
 - 345 ha for logistics uses.
- 6.23. These requirements can be delineated between the two use classes and across the four local authorities on the basis of each area's estimated contribution to the GVA generation over the twenty years period 2020-2040 (as allocated in Table 6.4 above). Tables 6.5 and 6.6 provide estimates for land and distribution/warehousing uses between 2020-2040.

Table 6.5: GVA and land requirements - manufacturing uses
Regional Forecasts Model 2020-2040

	Economic Growth forecasts	Manufacturing land requirements
	Additional GVA (£m)	Land (per annum) ha
Dudley	92.8	36.8 (1.8)
Sandwell	147.2	58.56 (2.9)
Walsall	84.48	33.6 (1.7)
Wolverhampton	84.16	33.6 (1.7)
Black Country	408.32	162.56 (8.1)

Source: GVA based on new OE forecasts. WECD calculations including productivity adjustments.

Table 6.6: GVA and land requirements - Logistics (Warehousing / Distribution) type uses

⁵⁸ The data that enables the regression of GVA to floorspace that provides this relationship is only available as industrial floorspace. Also to note that the OE model for GVA forecasting draws on a number of variables including employment (but not just employment).

⁵⁹ https://www.warrington.gov.uk/sites/default/files/2020-08/od_24_hca_employment_density_guide_nov_2015_extracts_chapters_2_and_4_pages_3-8_and_29_and_front_cover.pdf

Regional Forecasts Model 2020-2040

	Economic Growth forecasts	Logistics land requirements
	Additional GVA (£m)	Land (ha)
Dudley	197.2	78.2 (3.9)
Sandwell	312.8	124.44 (6.2)
Walsall	179.52	71.4 (3.6)
Wolverhampton	178.84	71.4 (3.6)
Black Country	867.68	345.44 (17.3)

Source: GVA based on new OE forecasts. WECD calculations including productivity adjustments.

c. Regional Forecasts Model 2022 -2040 Baseline

- 6.24. The estimated requirement in this method provides forecasts for the period 2022 – 2040 (assuming that most of the lost ground of GVA over the pandemic period 2020 – 2021 is being made up for by 2022) – see discussion in paragraph 6.16.
- 6.25. Translating the new Oxford Economics forecasts into employment demand/needs over the period 2022-2040 leads to a total requirement of **149 ha between 2022 and 2040**, as presented in Table 6.7. These calculations are based on the same rationale as discussed in paragraph 6.22. Similarly to the calculations discussed in paragraphs 6.21-6.22, due to the fact that data as to the relationship between GVA and floorspace is available as 'industrial' with no split between manufacturing and logistics (warehousing / distribution) type uses, it is assumed that the split would be circa 32% for manufacturing and 68% for logistics. The resulting estimates for employment land requirements at Black Country level would then be delineated across the two use classes as follows:
- 48 ha for manufacturing uses (estimates by BCLA in Table 6.8); and
 - 101 ha for logistics uses (estimates by BCLA in Table 6.9).

**Table 6.7: Estimated industrial land requirements in the Black Country
Regional Forecasts Model 2022-2040**

	Economic forecasts	% of contribution to GVA generation	Total industrial land requirements to 2040
	Additional GVA (£m)		Land (per annum) ha
Dudley	50	13%	20 (1.1)
Sandwell	148	40%	59 (3.3)
Walsall	130	35%	52 (2.8)
Wolverhampton	44	12%	18 (1)
Black Country	373	100%	149 (8.3)

Source: GVA based on new OE forecasts. WECD calculations including productivity adjustments.

**Table 6.8: GVA and land requirements - manufacturing uses
Regional Forecasts Model 2022-2040**

	Economic Growth forecasts	Manufacturing land requirement 2022-2040
	Additional GVA (£m)	Land (per annum) ha
Dudley	16	6 (0.3)

Sandwell	47	19 (1)
Walsall	42	17 (0.9)
Wolverhampton	14	6 (0.3)
Black Country	119	48 (2.7)

Source: GVA based on new OE forecasts. WECD calculations including productivity adjustments.

**Table 6.9: GVA and land requirements - Logistics (Warehousing / Distribution) type uses
Regional Forecasts Model 2022-2040**

	Economic Growth forecasts	Logistics land requirement 2022-2040
	Additional GVA (£m)	Land (per annum) ha
Dudley	34	14 (0.8)
Sandwell	101	40 (2.2)
Walsall	88	35 (1.75)
Wolverhampton	30	12 (0.7)
Black Country	254	101 (5.6)

Source: GVA based on new OE forecasts. WECD calculations including productivity adjustments.

d. Time Series Model - Baseline

- 6.26. As noted earlier, an alternative baseline has been produced by way of using the regional GVA figures (produced by ONS) over the period 1998 – 2022 and forecasting up to 2040 (based on, as detailed in Appendix A, a time series model). This approach produces estimates of future GVA for the Black Country that are different from those of the regional forecasts, as shown in Tables 6.10-6.12.

**Table 6.10: Estimated industrial land requirements in the Black Country
Time Series Model 2022-2040**

	Economic Growth forecasts	Total industrial land requirement to 2040
	Additional GVA (£m)	Land (per annum) ha
Dudley	424	169 (9.4)
Sandwell	680	271 (15)
Walsall	531	212 (11.8)
Wolverhampton	383	153 (8.5)
Black Country	2,018	804 (44.7)

Source: WECD calculations based on ONS time series and including productivity adjustments.

**Table 6.11: GVA and land requirements - manufacturing uses
Time Series Model 2022-2040**

	Economic Growth forecasts	Manufacturing land requirement to 2040
	Additional GVA (£m)	Land (per annum) ha
Dudley	136	54 (3)

Sandwell	218	87 (4.8)
Walsall	170	68 (3.8)
Wolverhampton	123	49 (2.7)
Black Country	646	257 (14.3)

Source: WECD calculations based on ONS time series and including productivity adjustments.

**Table 6.12: GVA and land requirements - Logistics (Warehousing / Distribution) type uses
Time Series Model 2022-2040**

	Economic Growth forecasts	Logistics land requirement to 2040
	Additional GVA (£m)	Land (per annum) ha
Dudley	288	115 (6.4)
Sandwell	462	184 (10.2)
Walsall	361	144 (8)
Wolverhampton	260	104 (5.8)
Black Country	1,372	547 (30.4)

Source: WECD calculations based on ONS time series and including productivity adjustments.

Key messages

Future net additional industrial land requirements estimated from deploying various methods are summarised in Tables 6.13 and 6.14. Key points could be described as follows:

- The past completions indicate that there could be industrial land requirements of approximately 400-600 ha across the Black Country between 2020-2040 (or, 350-550 ha should the actual productive period is taken as that of 2022-2040⁶⁰). This range is equivalent to 23 ha (low take up) – 30 ha (high take up) per annum.
- The regional forecast OE-based requirements for 2020-2040, i.e., the estimated 508 ha in total across the Black County (equivalent to 25 ha per year), is a reasonable estimate compared/alongside the past-completions based approach. However, as noted earlier, the sharp and large drop in GVA during the pandemic period (2019-2021) results in the growth figures and associated industrial land requirements in the subsequent years appearing 'larger' than they would normally be. A proportion of that requirement may (most likely) not reflect new demand, but would be taken up by existing infrastructure 'returning' to productive use.
- The regional forecast-based requirements for 2022-2040, i.e. 149 ha (8.3 ha per annum), are highly likely to be too low for the whole 20-years' planning period to 2040 (as they indicate far lower demand than the lowest past completions-based scenario).
- The time-series estimates for industrial land requirements, i.e., 804 ha to 2040 (equivalent to 45 ha per year – which is approximately double the annual rate of completions to date),

⁶⁰ These figures are achieved by deducting two years' equivalent of completions.

could be possible in a super growth economic growth scenario, but it is not a realistic figure to plan for the whole 20-years' planning period in the light of the forecast negative economic growth for the next couple of years.

Table 6.13: Total industrial land requirements (ha)

<i>Methods</i>	a			b	c	d
	Past completions-based 2020-2040			Regional forecasts 2020-2040	Regional forecasts 2022-2040	Time series forecasts 2022-2040
	Low	Mid	High			
Dudley	25	45	64	115	20	169
Sandwell	126	176	227	183	59	271
Walsall	99	130	161	105	52	212
Wolverhampton	66	105	145	105	18	153
Black Country	396	469	610	508	149	804

Table 6.14: Total industrial land requirements per annum (ha)

<i>Methods</i>	a			b	c	d
	Past completions-based 2020-2040			Regional forecasts 2020-2040	Regional forecasts 2022-2040	Time series forecasts 2022-2040
	Low	Mid	High			
Dudley	1.25	2.24	3.22	5.75	1.1	9.4
Sandwell	6.3	8.8	11.33	9.15	3.3	15
Walsall	4.9	6.5	8	5.25	2.8	11.8
Wolverhampton	3.3	5.3	7.24	5.25	1	8.5
Black Country	19.8	23.5	30.5	25.4	8.3	44.7

In the light of the increasing uncertainties in the global and national economy, a cautious but optimistic approach is taken informed by the different methods described in this section. This is summarised in Table 6.15. In the light of the current economic conditions, it is also recommended that the approach adopted to estimate future demand and estimates of future employment land are closely monitored in the next two years.

Table 6.15: Estimated total industrial land requirements 2020-2040

Years	Assumptions	Industrial land requirements (ha)	
		Total	Per annum average
2020-2022	Model C	8 ha	4

2022-2025	Past completions (low scenario i.e. 19.8/20ha per annum)	60 ha	20
2025-2040	Model B (25.4 per annum)	381 ha	25.4
Total		449 ha	22.5

On the assumption of the demand for land representing 32% for manufacturing and 68% for logistics, the resulting estimates for employment land requirements at Black Country level would be: **144 ha for manufacturing** uses and **305 ha for logistics** (warehousing and distribution). It needs to be noted that these are baseline estimates (see paragraph 6.17). Table 6.16 presents estimated allocations at local authority level (delineated using the OE forecasts for estimated contribution of each area to the regional GVA).

Table 6.16: Industrial land requirements (ha) by BCLA 2020 – 2040 and per annum (p.a.)

	Manufacturing (ha)		Logistics (ha)		Total	
	All years	p.a.	All years	p.a.	All years	p.a.
Dudley	18.7	0.94	39.6	2	58.3	2.94
Sandwell	57.6	2.88	122	6.1	179.6	8.98
Walsall	50.4	2.52	106.8	5.3	157.2	7.82
Wolverhampton	17.3	0.86	36.6	1.9	53.9	2.76
Black Country	144	7.2	305	15.3	449	22.5

7. Supply of Sites for Employment Use within the Black Country

- 7.1. This section presents an overview of the supply of employment land in the Black Country (as presented in the revised EDNA in August 2021). To establish, the supply (availability and suitability) of employment land to meet future growth, the following tasks have been undertaken, as follows:
- Review of local plan allocations.
 - Assessment and scoring of sites of potential employment use - based on a combination of review of documentation relating to various sites (e.g. with planning permissions, in the Green Belt, etc.) and site visits. Employment land within these locations has been examined to ascertain market attractiveness and whether the site may be suitable or not for employment-related development (27 sites were reviewed by Colliers International and more detail about all these sites is presented in the Employment Land Supply Technical Paper).
 - Review of other local studies including the West Midlands Strategic Rail Freight Interchange study and employment land studies produced by adjacent authorities.
- 7.2. The Employment Land Supply Paper and Black Country Plan Site Assessment Report provide more detail around the method used for the sites' assessment and site by site assessment undertaken as part of this process. These documents also include those sites that were not considered suitable for employment use. Table 7.1 summarises the supply of sites reviewed for employment use in the Black Country. It includes:
- Local Plan allocations.

- Live and 'lapsed' planning permissions.
- Small sites.
- Completions between 2016 and 2020 – based on intensification and recycling.
- New sites within the urban area.
- Sites in Green Belt.

Figure 7.1: Sites Reviewed for Employment Use within the Black Country

Sites	Area Ha	Number of sites
1. Local Plan allocations	187.28	81
2. Sites with planning permission	16.08	9
3. Small sites (less than 0.2 ha each)	3.24	33
4. Completions 2016-2020 (intensification and recycling)	14.39	25
5. New sites within the urban area	42.03	13
6. Sites in Green Belt	47.29	5

- 7.3. Table 7.2 summarises the total supply of sites contributing to meeting demand for employment land in the Black Country to 2040/42, including allocations in the Black Country Plan and sites not allocated. As shown in Table 7.2, the total Black Country Plan allocations equate to approximately 280 Ha and 106 sites.
- 7.4. The potential supply of sites in the Black Country also includes estimates of supply generated through windfall sites (item 5 in Table 7.2). Assessment of past completions has informed estimates of anticipated 'windfall' supply generated through intensification/recycling. Of completions within the Black Country since 2016/2017, the development of vacant and underused land within existing employment areas came to approximately 14.4 Ha (over the four years period to 2020) - this equates to 3.6 Ha per annum⁶¹. 40% of these sites were in Dudley, 56% in Sandwell and 4% in Walsall. If this continues, then this would equate to 72.0 Ha⁶². In total, including recycling, this would mean **a total of supply of approximately 356 Ha - with a total allocated supply in the Local Plan (1-4 in Table 7.2) of circa 280 Ha.**

**Table 7.2: Supply of sites for Employment Use within the Black Country to 2020-2040
Current and Potential**

Sites	Area Ha	Total Supply (cumulative) Ha	Number of sites
Sites allocated in the Black Country Plan			
1. Local plan allocations carried forward	175.55	175.55	81
2. Sites with planning permission	14.75	190.30	7
3. New sites within the urban area	42.03	232.33	13
4. Green Belt	47.29	279.62	5
Total Black Country Plan allocations		279.62	106

⁶¹ All figures provided by the Black Country Authorities.

⁶² Ibid.

5. Estimates of windfall sites through completions based on use of vacant land within existing employment areas	72.0	351.62	
6. Sites with planning permission not allocated for the next planning period (two sites) and small sites less than 0.4 Ha each (33 sites)	4.64	356.26	
Total supply of sites for employment use in the Black Country		356.26	

- 7.5. The 2021 Regulation 18 Black Country Plan included a number of development allocations that involve the redevelopment of existing employment areas to non-employment uses. This 'loss' of operational employment land should be made good by providing for replacement supply. Allowing for levels of vacancy in these areas and sites, 62.7ha of additional land over and above the demand requirement set out in section six of this report should be provided for. The scale of this issue varies across the four local authority areas and is most significant in Dudley (25.9ha), followed by Sandwell (25.8ha) and Wolverhampton (10.8ha). There are no such sites in Walsall. This increases the overall demand requirement from 449ha to 511.7ha 2020-40.

8. Conclusions and next steps

- 8.1. **The gap** between estimated demand (449ha) and supply (356ha) for the planning period 2020-2040 is 93ha. Taking into account the need to provide for land 'lost' through planned redevelopment to alternative uses, the level of demand rises to 512ha, increasing the gap between demand and supply to **156ha across the Black Country FEMA as a whole**.
- 8.2. However, at an individual local authority level, the balance between demand and supply varies markedly, as set out in Table 8.1. This is based on the demand requirement taking into account potential losses of land set out in paragraph 7.5 (62.7ha) and opportunities for windfall development associated with the development of vacant and underused land within existing employment areas described in paragraph 7.4 (72ha).
- 8.3. The resulting demand at individual local authority level shows that the majority of the shortfall across the FEMA as a **whole arises in Sandwell and to a far lesser extent in Dudley. The analysis points to a very minor surplus of land in Walsall and Wolverhampton**. These sources of demand should be further explored through the preparation of the individual Local Plans.

Table 8.1: Balance of employment land demand and supply by local authority 2020-2040 (ha)

Local Authority	Employment land need*	Employment land supply**	Balance
Dudley	84.2	51.0	-33.2
Sandwell	205.4	69.9	-135.5
Walsall	157.2	167.1	9.9
Wolverhampton	64.9	68.5	3.6
Total	511.7	356.3	-155.2

* including the need for re-providing losses

**including development of vacant / underused employment land based on the portion of completions set out in paragraph 7.4

- 8.4. In meeting the shortfall, the local authorities should continue to progress engagement with each other and with neighbouring Local Plans through the Duty to Cooperate. The 2021 EDNA Report set out potential contributions from neighbouring Local Plans to meet the needs arising in the Black Country FEMA area and this analysis is updated below in Table 8.2.

Table 8.2: (Potential) Duty to Cooperate contributions

Local Plan	Status	Potential contribution
Shropshire	Plan at Examination	30ha
South Staffordshire	Regulation 18 Preferred Options	2022 EDNA indicates a surplus of 36.6ha available to meet needs in neighbouring areas. The work also endorses previous research by Stantec consultants which recommends that 67ha of land at West Midlands Interchange should be attributed towards meeting Black

		Country needs. Total South Staffordshire contribution 103.6ha.
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- 8.5. Table 8.2 indicates potential additional supply of 133.6ha from the Shropshire and South Staffordshire Local Plans. This would reduce the overall Black Country FEMA shortfall to 22.4ha. Within this context, the BCLAs should continue engaging with other neighbouring Local Plan areas identified as having a strong or moderate economic relationship with the Black Country FEMA and other areas with which there is an evidenced functional relationship.

Appendix A: Time Series Forecasting

The alternative baseline has been produced by way of using the regional GVA figures (produced by ONS) over the period 1998 – 2022 and forecasting up to 2040 using a Bayesian State Space univariate⁶³ time series model.

A number of different model types were initially utilised with these being various versions of time series models. In this case they are univariate time series models (they use information in the time series itself to estimate models which then form the basis of forecasts). In different ways, lags of the time series are used to discover information within the time series:

$$t_{t+1} \sim f(t_t, t_{t-1}, \dots, t_{t-n})$$

The Bayesian state space model includes error correction via use of the Kalman filter in order to estimate states of the time series (states of the systems are hyperparameters which then feed into the forecasts).

Exponential smoothing basically uses a smoothed average of the time series for forecasting.

Neural networks (models that can estimate non-linear relationships) can also be used for time series forecasting and in this case an ensemble of neural net models have been used (i.e. 20 models (in this case) are developed and their average is used for the forecasts).

ARIMA is auto-regressive integrated moving average modelling. This essentially uses lags of the time series to estimate future levels.

Using a portion of the actual GVA data that are available for training the models and excluding the last 5 years of the data so that forecasts from the models can be compared to these actual amounts (i.e. models are built on the training dataset and their accuracy compared using a test dataset (the last 5 years of data available)) shows the BSTS (Bayesian Structural Time Series) model to be the most accurate:

Model	Accuracy (Mean Absolute Percentage Error)
BSTS	1.55%
ARIMA	2.37%
Ensem. Neural Nets.	3.06%
Exp. smoothing	7.55%

This would suggest that the BSTS model could be closest to future levels of GVA.

⁶³ Univariate time series models are a class of specifications where (financial/economic) variables are modelled and predicted using only information contained in their own past values and possibly current and past values of an error term.

This approach is then augmented by taking productivity improvements into account which essentially takes on board the likely reduction over time of the amount of floorspace in relation to the GVA.

Appendix B: Economic Scenarios

Three different scenarios have been examined based on those presented in the West Midlands Plan for Growth Framework. These are:

Scenario 1: GVA required to match UK average Growth.

Scenario 2: GVA required to be leading UK region outside of London.

Scenario 3: GVA required to match London Growth.

These different scenarios require an extra £2bn, £3.9bn and £6.7bn of GVA respectively at the year 2030 compared to the baseline forecast.

These totals are for the West Midlands as a whole, so the contribution of the Black Country to the West Midlands GVA has been assessed based on the average of the last 5 years' data of regional (and Black Country) GVA from the ONS regional GVA data. This equates to circa 15%.

Following this, the forecasted level of GVA from the OE forecasts at 2030 have been assumed to form 15% of the West Midlands GVA. The extra quantities of GVA envisioned above have been applied to the 2030 estimate of the West Midlands GVA. These are then used to estimate the increased amount of the Black Country GVA (being 15% of the higher scenarios at 2030).

The ratios that result between the higher scenarios of the Black Country GVA at 2030 have then been used to adjust both baselines of the Black Country's local authorities' industrial GVA between the years 2022 and 2042 (by way of applying the growth rate between 2022 and 2030 under the different scenarios).

The means of translating industrial GVA into industrial land have then been applied.

The following tables present estimates of GVA growth based on these calculations.

Table B.1: GVA for Industrial Uses under the 3 Scenarios

Scenario 1	Regional Forecasts GVA (£m)	Time Series Forecasts GVA (£m)
Dudley	58.74	1000.9
Sandwell	174.26	1521.33
Walsall	151.29	1162.75
Wolverhampton	52.83	909.85
Black Country	437.12	4594.83

Scenario 2	Regional Forecasts GVA (£m)	Time Series Forecasts GVA (£m)
Dudley	105.31	1075.7
Sandwell	241.17	1628.62
Walsall	201.43	1243.2
Wolverhampton	95.36	978.06
Black Country	643.28	4925.58

Scenario 3	Regional Forecasts GVA (£m)	Time Series Forecasts GVA (£m)
Dudley	175.45	1188.36
Sandwell	341.96	1790.19
Walsall	276.95	1364.37
Wolverhampton	159.41	1080.79
Black Country	953.78	5423.71

