

BLACK COUNTRY STUDY:

TOWN CENTRES ISSUES

Technical Paper No. 3

Office Floorspace Capacity

**Black Country Consortium
December 2006**

Preface to Technical Papers

This is one of three technical papers produced in support of the Black Country Study's coverage of town centre issues.

The main basis of the Study's treatment of the future role and capacity of town centres, including our proposals for amending relevant aspects of the Regional Spatial Strategy, is contained in a number of independent reports commissioned by the Consortium or by the West Midlands Local Government Association and Regional Assembly.

These reports are:-

- GVA Grimley with GHK for the West Midlands Local Government Association, *The Black Country Study – Employment Land Capacity Study* (Final Report, September 2005) – referred to in these papers as '**ELCS**'
- GVA Grimley with Roger Tym and Partners for the Black Country Consortium, *Study of Black Country Centres* (Final Report, August 2005) - referred to as '**SBCC**'.
- Roger Tym and Partners with King Sturge for the West Midlands Regional Assembly, *West Midlands Regional Spatial Strategy – Regional Centres Study* (Final Report, March 2006) – referred to as '**WMRCS**'.
- Graham Chase and Partners for the Black Country Consortium, *Investment Analysis and Future Investment Potential of the Black Country Retail Centres* (Final Report, March 2006) – referred to as '**Chase**'.
- Regeneris Consulting for the Black Country Consortium, *Economic Impact of the Expansion of Merry Hill/Brierley Hill* (Final Report, April 2006) – referred to as '**Regeneris**'.
- White Young Green for the Black Country Consortium, *Assessment of Major Out-of-Centre Retail Outlets in the UK* (Final Report, April 2006) – referred to as '**WYG1**').
- White Young Green for the Black Country Consortium, *Assessment of Future Market Shares and Accommodating Future Needs* (Final Report, May 2006) – referred to as '**WYG2**').

It is not the purpose of these technical papers to repeat material contained in the above studies. However, in interpreting and integrating their results - in particular their quantified aspects - it has been necessary for the Consortium to carry out some limited further analysis. It is the aim of these papers to report upon that analysis and to provide a 'bridge' between the various studies and relevant aspects of the BCS Report itself.

The technical papers are:

- Technical Paper 1: Centres and Spending Patterns
- Technical Paper 2: Retail Floorspace Capacity Forecasts
- Technical Paper 3: Office Floorspace Capacity Forecasts

The studies undertaken for the Consortium also contain quantified material on provision for leisure – in particular for *commercial leisure* such as cinemas and casinos. However

as this material has not formed the basis for specific proposals to revise the Regional Spatial Strategy, a technical paper on this topic is not required at this stage.

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1. Introduction

1.1 Objectives

- 1.1.1 A major component of the Black Country 'Vision' Strategy is the concentration of a large proportion of service activity – retail, commercial/financial, leisure, cultural and administrative – in four strategic centres, Brierley Hill/Merry Hill, Walsall, West Bromwich and Wolverhampton. This focus on centres is a key element in the promotion of the 'new economy' on which the anticipated step change in the rate of regeneration of the area is based. The concentration of activity in centres is also consistent with national and regional policies for sustainability and urban regeneration.
- 1.1.2 As part of this strategy the Consortium is putting forward guidelines on the scale of (a) comparison retail and (b) office development up to 2021 and 2031 (and in the case of retail at Brierley Hill/Merry Hill an intermediate stage of 2016) for inclusion as appropriate in the Phase 1 Revision of the Regional Spatial Strategy. Our technical papers document how these quantified guidelines - as summarised in the Black Country Study Report and incorporated (for the period to 2021) in the RSS Revision proposals - have been developed. This Technical Paper (No. 3) deals with the forecasts in respect of office growth. Retail growth is covered in Technical Paper No. 2. As part of the quantification exercise a zonal breakdown for retail and offices was also prepared as part of the input for transportation testing ('Prism'). This paper therefore also documents the assumptions on which this breakdown was made in respect of office-based activities.

1.2 RSS Revision Proposals

- 1.2.1 The quantified projections and proposals for office development contained in our Draft Phase One Revision to the Regional Spatial Strategy and the associated Black Country Study Report, which it is the aim of this Technical Paper to explain and support, are listed in Table 1.1.

Table 1.1 Quantified Office Proposals in RSS Revision and Black Country Study

Source	Quotation
<u>Draft RSS Revision Proposals:</u>	
<i>Policy UR1A</i>	The overall target for the growth in office floorspace in the Black Country (including commitments) in the period 2004-21 is up to 845,000 sq.m gross. Growth of up to 745,000 sq.m gross is to be planned for in the four strategic centres in the period 2004 to 2021.
<i>(Supporting</i>	"In LDDs sites will be identified in each of the four strategic

<i>Statement:)</i>	centres to accommodate up to 186,000 sq.m of office development to 2021”.		
<u>The Black Country Study Report</u>			
“... there is a need for circa 1.45 million sq.m of office floorspace accommodating nearly 80,000 jobs by 2031” (Para. D2.25)			
An allocation of office growth in the Black Country (in 000s sq.m gross) as follows:			
	<u>2004-21</u>	<u>2021-31</u>	<u>2004-31</u>
Brierley Hill/Merry Hill	187	138	325
Wolverhampton	187	138	325
Walsall	187	138	325
West Bromwich	187	138	325
Centres Total	748	552	1,300
Rest of Black Country	125	20	145
Black Country Total	873	572	1,445

Various individual figures as above are also quoted as part of the proposals for individual centres.

1.3 Sources

- 1.3.1 The basic sources for our projections of office floorspace requirements, at Black Country and district level, are the sector-based projections of employment and floorspace within the GVA Grimley/GHK economic strategy/employment land capacity work ('ELCS'). We used the final (September 2005) draft of the ELCS document insofar as this included new projections; and the comprehensive (July 2005) version where projections were not repeated in the final draft and could therefore be assumed to remain unchanged. Within the context provided by ELCS, the allocation between districts, and to individual centres was undertaken on a policy basis.
- 1.3.2 Our own Black Country centres study ('SBCC') does not contain any quantified projection of office requirements. However in the later stages of the Black Country Study we had the benefit of office projections for 2021, at district and strategic centre level, produced as part of the regional centres study ('WMRCS'). These were reviewed and taken into account in producing our policy-based

allocations.

1.4 Content of Paper

- 1.4.1 We are satisfied that our projections of office capacity are consistent and compatible with those for retail described in Technical Paper No. 2. However, given the differences in process as outlined above, this paper adopts a slightly different approach from that followed in Paper No.2. We commence, in Part 2, by summarising and reviewing the ELCS projections (for 2021 and 2031) which provide the Black Country wide controls on our allocation - in this case not only of employment but also of floorspace. We then go on, in Part 3, to summarise the WMRCs projections (at district and centre level for 2021) and comment upon their implications for the final allocation to centres and other locations. Part 4 then describes this policy-based allocation itself. Finally, in Part 5, we describe how the allocation of office jobs to zones for transportation testing of the preferred strategy (via 'Prism') was carried out.

2. Economic Strategy Based Projections

2.1 Definitions

2.1.1 Offices, along with Retail, Manufacturing and Logistics constitute the four broad areas of economic activity which have been the focus of our economic strategy and employment land availability work. The offices sector is defined as those activities normally occupying floorspace within Town Planning Use Classes B1a and A2. The SIC employment categories which ELCS allocates in whole or in part to the offices sector are listed in Table 2.1.

Table 2.1 Employment Categories Allocated to ELCS

Empt. Cat.	SICs included		Office component of total employment
	Refs.	Description	
S1	40	Electricity, gas, etc.	30% (B1a)
S2	45	Construction	33.3% (B1a)
S8	65-67	Finance/insurance services	100% (50% B1a, 50% A2)
S9	70/74	Real estate/business services	100% (B1a)
S10	71/72	Rental/computer services, etc	100% (50% B1a, 50% A2)
S12	75	Public admin/defence, social sec.	100% (B1a)
S13	80	Education	10% (B1a)
S14	85	Health and social work	20% (B1a)
S15	93	Other service activities	100% (A2)
Source: ELCS Appendix 3b			

2.2 Office Employment

2.1.1 Table 2.2 summarises ELCS's office employment projections, through to 2031, under the Trend/Baseline and Vision ('3B') scenarios. ELCS also developed an intermediate growth, or 'RPG', scenario but as our focus has been upon the Vision Scenario and what this means in terms of reversing Baseline trends, the RPG Scenario is not examined in this paper.

2.1.2 The projections summarised in Table 2.2 demonstrate the scale of growth in office employment involved in achieving the 'new economy' supporting the Black Country Vision. Under this scenario there would be a net addition (excluding the self-employed) of 78,900 office jobs (+73%) by 2031. This compares with a growth of 26% projected to occur under Baseline conditions. At the individual district level there is a slightly surprising outcome, with

the Vision scenario apparently generating an increase of only 15% in office jobs in Dudley MB as compared with the 80% growth in Sandwell and Wolverhampton districts and a more than doubling of office employment in Walsall MB. Dudley MB in fact achieves a *lower* rate of office growth under the Vision Scenario than under the Baseline, which led us to have some reservations about the ELCS projections for the district. However as we have been concerned mainly with aggregate Black Country forecasts any implications are not too serious.

Table 2.2 ELCS Office Employment Forecasts, 2003-31

District	Total Number of Office Jobs (000s)						
	2003	2011		2021		2031	
		Baseline	Vision	Baseline	Vision	Baseline	Vision
Dudley	26.9	30.2	29.8	33.3	32.6	35.8	35.6
Sandwell	28.5	30.6	34.8	32.2	42.4	33.4	50.8
Walsall	21.1	24.1	26.6	27.5	34.5	30.9	43.6
Wolves	31.4	33.3	37.6	34.8	46.6	35.9	56.8
BC Total	107.8	118.2	128.9	127.8	156.1	136.0	186.7
<p><u>Source:</u> GVA with GHK, Black Country Employment Land Capacity Study, June 2005, Appendix 3d (Baseline), Sept 2005, Appendix 5 Annex 3 (Vision)</p> <p>'Office employment' = A2/B1(a) uses, i.e. 30% S1, 33.3% S2, 100% S8, S9, S10 and S12, 10% S13, 20% S14 and 100% S15, as defined in Annex 5</p> <p><u>Note:</u> some totals may vary slightly due to rounding</p>							

2.1.3 It should be noted that the base employment figures used in these projections exclude the self-employed and the anticipated growth (total 78,900 additional jobs 2003-31) is therefore less than the 100,000+ additional office jobs which has been referred to elsewhere in reporting the ELCS output.

2.3 Office Floorspace Needs

2.3.1 Table 2.3 summarises the projections of office floorspace derived from the employment forecasts of Table 2.2. ELCS applied standard employment densities to its projections of new employment. In the offices sector a density of 19 sq.m per worker was applied to the office components of Employment Categories S2, S8 (A2), S9, and S10 (B1a). A density of 16 sq.m per worker was applied to the relevant components of S1, S8 (B1a), S12, S13 and S14 while a density of 20 sq.m per worker was applied to S15.

2.3.2 On this basis nearly 1.450m sq.m of new office accommodation is required in the Black Country up to 2031 to fulfil the Vision Scenario – an increase of 75% on the current estimated

total of 1.925m sq.m. However, little more than 0.5m sq.m would be required were the Baseline situation to prevail. The pattern over time shows a slight weighting towards the longer term, with 385,000 sq.m required up to 2011; a further 498,000 sq.m in the 2011-21 period; and 563,000 sq.m 2021-31. At the district level there is a mirroring of the employment projections. In Dudley MB there is apparently a need for only an additional 159,000 sq.m up to 2031 to fulfil the Vision, whereas between 410,000 and 465,000 sq.m is required in each of the other three districts – reinforcing the doubts about the projections for this district referred to above..

Table 2.3 ELCS Office Floorspace Requirement ('000sqm), 2003-31

District	Total 2003	Additional Floorspace Required							
		2003-2011		2011-2021		2011-2021		Total 2003-2031	
		Base	Vision	Base	Vision	Base	Vision	Base	Vision
Dudley	480.4	59.8	53.3	56.8	50.4	45.1	55.3	161.7	159.0
Sandwell	510.8	38.8	116.3	28.9	139.5	21.2	154.9	88.9	410.7
Walsall	381.9	57.0	101.1	63.0	143.4	63.5	167.1	183.3	411.7
Wolves	552.0	34.3	114.4	27.3	164.2	20.7	185.7	82.3	464.2
BCTotal	1,673.4	189.9	385.1	175.8	497.6	150.6	562.9	516.3	1,445.6
<p><u>Source:</u> GVA with GHK, Black Country Employment Land Capacity Study, Sept 2005, Appendix 3f (Total for A2 and B1(a) uses)</p> <p><u>Note:</u> some totals may vary slightly due to rounding</p>									

3. Regional Centres Study Projections

3.1 The Approach

3.1.1 The regional centres study (WMRCS) includes an assessment of office potential across the West Midlands Region up to 2021, with projections for each local authority area and for the 25/26 strategic centres, under alternative scenarios. It therefore provides a basis against which to assess the projections arising from the Black Country economic strategy/employment land availability work. The approach used in WMRCS was essentially as follows:

- forecasting change in office employment at district level using the Cambridge Econometrics Model – a different model to that used in ELCS, and from a different base year (2001 rather than 2003);
- converting employment to floorspace in terms of the net gain in occupied office stock (producing a regional control total of an additional 3.7million sq.m, 2001-21);
- distributing the net gain amongst the strategic centres and ‘elsewhere’, taking account of past trends, physical constraints, market demand and “most importantly” policy goals.

3.1.2 Undertaking these forecasts was however a complex business involving *inter alia* major definitional issues, not least in matching employment and floorspace definitions. Nevertheless, employment based forecasts such as these at the local authority area level avoid some of the complexities associated with shopping where the “catchment area” is (quite logically) the preferred unit of analysis.

3.1.3 The method used by WMRCS in projecting office employment at the district level differed in a number of important respects from that adopted for ELCS - in addition to the choice of base year. The most significant differences lie in the definition of what constitutes ‘office employment’. WMRCS adopted a more refined definition than ELCS in that, rather than relying on two-digit SIC divisions, it adopted the ODPM definition of ‘office jobs’ – i.e. an aggregation of 94 individual five-digit SIC classes. This enabled a more precise identification of activities actually occupying office floorspace. It also facilitated the exclusion of certain activities, such as agency services, which may have large numbers of workers registered at locations which they may in practice never even visit. Growth was projected on the basis of Cambridge Econometrics forecasts for the “financial and business services” (FBS) sector. At the regional level the Cambridge Econometrics base (see WMRCS Technical Paper 6 Appendix 3) coincided closely with ODPM (WMRCS unpublished data) in terms of total base year jobs (400,500 as compared with ODPM’s 389,400). At the Black Country level there was also a close coincidence (64,100 as compared with 66,500) although both give a substantially lower base for office jobs in the Black Country than the 107,800 of ELCS

3.2 The Projections

3.2.1 Tables 3.1 and 3.2 summarise the WMRCS projections of additional *office employment* (Table 3.1) and additional *office floorpace* (Table 3.2) insofar as they affect the Black Country. Table 3.2 also includes details of the absolute amount of office floorspace in the strategic centres of the Black Country under the ODPM definition used by WMRSC. Regional totals and the figures for Birmingham City Centre are included in both tables for purposes of comparison.

Table 3.1 Office Employment Gains, Strategic Centres and Districts 2001-21 (WMRCS)

Centre / District	Gains in Office Employment (000s) 2001-21					
	Base line	Scen. 1	Scen. 2	Scen. 3	Scen. 4	Scen. 5
Merry Hill/Waterfront	3.4	3.8	3.8	4.0	4.0	5.3
Dudley	2.2	2.5	2.5	2.7	2.7	3.6
Rest of Dudley MB	*	9.1	9.1	8.7	8.7	14.2
Total, Dudley MB	-	15.4	15.4	15.4	15.4	23.1
West Bromwich	1.7	1.9	1.9	2.1	2.1	3.5
Rest of Sandwell MB	*	4.5	4.5	4.3	4.3	8.6
Total, Sandwell MB	-	6.4	6.4	6.4	6.4	12.1
Walsall	2.9	3.3	3.3	3.6	3.6	5.3
Rest of Walsall MB	*	3.9	3.9	3.7	3.7	6.7
Total, Walsall MB	-	7.2	7.2	7.3	7.3	12.0
Wolverhampton	2.6	3.3	3.3	3.6	3.6	7.1
Rest of Wolves. MB	*	4.0	4.0	3.8	3.8	7.9
Total, Wolves. MB	-	7.3	7.3	7.4	7.4	15.0
Total, 5 Strat. Centres	12.8	14.8	14.8	16.0	16.0	24.8
Total Black Country	-	36.3	36.3	36.5	36.5	62.2
<i>Birmingham City Centre</i>	22.3	26.9	26.9	29.6	29.6	29.6
West Midlands Region	207.9	207.9	207.9	207.9	207.9	233.7
Source: WMRCS, Tables 7.8a/7.9a						

3.2.2 The five scenarios and baseline identified in the tables represent different policy-led

distributions of growth within fixed regional controls (an additional 207,900 office jobs and an additional 3.740m sq.m of floorspace), with the exception of Scenario 5, which emphasises Black Country growth and which postulates a further 25,800 jobs/0.470m sq.m of floorspace regionwide, all of which is allocated to the Black Country. This addition is said to equate to the amount by which the Cambridge Econometrics/WMRCS forecast (within the Black Country area) falls short of the Vision forecast of ELCS/ the Black Country Economic Strategy.

Table 3.2 Office Floorspace Gains, Strategic Centres and Districts 2001-21 (WMRCS)

Centre / District	2003 Total	Gains in Occupied Office Floorspace (000 sq.m)						2021 Total Scen. 5
		Base	Scen. 1	Scen. 2	Scen. 3	Scen. 4	Scen. 5	
Merry Hill/Waterfront	107	60	70	70	70	70	100	207
Dudley	92	40	50	50	50	50	60	152
Rest of Dudley MB	-	160	160	160	160	160	260	-
Total, Dudley MB	-	260	280	280	280	280	420	-
West Bromwich	74	30	30	30	40	40	60	134
Rest of Sandwell MB	-	80	80	80	80	80	160	-
Total, Sandwell MB	-	110	110	110	120	120	220	-
Walsall	133	50	60	60	60	60	100	233
Rest of Walsall MB	-	70	70	70	70	70	120	-
Total, Walsall MB	-	120	130	130	130	130	220	-
Wolverhampton	230	50	60	60	60	60	130	360
Rest of Wolves. MB	-	70	70	70	70	70	140	-
Total, Wolves. MB	-	120	130	130	130	130	270	-
Total, 5 Centres	636	230	270	270	280	280	450	-
Total BC	-	610	650	650	660	660	1,130	-

<i>B'ham City Centre</i>	1,328	400	480	480	530	530	530	1,858
West Midlands	-	3,740	3,740	3,740	3,740	3,740	4,210	-
Source: WMRCs: Tables 7.8b/7.9b and Tech. Paper 3, Appendix 8.								

3.3 Employment Growth

3.3.1 Table 3.3 summarises the amount of office employment growth anticipated by 2021 in each Black Country District under the various WMRCs scenarios (using Cambridge Econometrics growth rates for FBS) and compares it with the predictions under the ELCS Vision. The mean predicted growth under Scenarios 1-4 of 36,400 can be compared with the ELCS prediction (on a wider definition of 'office jobs) of a growth of 48,200. The Scenario 5 growth is substantially greater than that predicted under ELCS. At the individual district level, the Cambridge Econometrics forecasts on which WMRCs is based (see WMRCs Technical Paper 6 Appendix 3) anticipate a 99% increase (2001-21) in Dudley MB, as compared with 65% in Walsall, 33% in Sandwell and 20% in Wolverhampton. This scale of growth in Dudley contributes to a particularly wide divergence in output between the two studies in respect of this district with WMRCs Scenario 5 predicting a growth more than four times that under the ELCS Vision. This would appear to reinforce our reservations concerning the ELCS Vision forecast for Dudley MB expressed earlier (see Para. 2.1.2 above). However, as we are primarily concerned with the *total* projected scale of growth across the Black Country - with distribution subject to policy choices - the implications may not be too serious.

Table 3.3 Office Employment Growth to 2021 (000s) – Comparison of ELCS and WMRC

District	ELCS Vision (Scen. 3B) 2003-21	WMRCs 2001-21	
		Scen. 1-4 Mean	Scen. 5
Dudley	5.7	15.4	23.1
Sandwell	13.9	6.4	12.1
Walsall	13.4	7.25	12.0
Wolverhampton	15.2	7.35	15.0
Total Black Country	48.2	36.4	62.2
Source: ELCS – Table 2.2 above. WMRCs – Table 3.1 above.			

3.3.2 Overall the prediction, from the alternative (WMRCs) source, of a substantial growth

in Black Country office employment, even under a Baseline situation, is encouraging. However, other data in WMRCS emphasises the scale of transformation required if the Vision scenario is to be achieved. The regional study anticipates that the Black Country's aggregate share of regional office jobs will rise from 16.0% to 17.5% between 2001 and 2021, or to as much as 26.6% under Scenario 5 (see Table 3.1 above). However other data in WMRCS shows that the sub-region's share (of financial and business services jobs at least) has actually fallen in recent decades – from 19.8% of the regional total in 1981 to 18.0% in 1991 and 16.0% in 2001 (WMRCS Technical Paper 6, Appendix 3).

- 3.3.3 Turning to centres an approximate quantum of current office employment in each was established by WMRCS using both ward and ODPM boundary data. Unpublished data from the study suggests that the proportion of borough-wide office employment accounted for by the strategic centres within the Black Country districts ranged from 48% in Wolverhampton via 38% in Walsall and 31% in Dudley (existing town centre) to 25% in Sandwell (West Bromwich). WMRCS allocated office employment growth 2001-2021 to centres (and between centres and other locations) on the basis of alternative projections taking account of 'historical growth', 'regional growth', physical capacity and market opinion. These 'baseline' forecasts suggested that in-centre office employment growth would be generally at or below the rates for the Black Country as a whole.

3.4 Office Floorspace

- 3.4.1 Table 3.1 above includes 2003 base year office floorspace data for strategic centres as derived from ward level data by WMRCS. On this basis the quantum of office floorspace in the strategic centres ranges from 230,000 sq.m in Wolverhampton to 74,000 sq.m in West Bromwich. Data was also derived from the ODPM town centres data which relates to tighter and more precise boundaries than those based upon wards (see WMRCS Technical Paper 6, Appendix 2 Table 5). This gives a similar proportionate range, in this case from 162,000 sq.m in Wolverhampton to 53,000 sq.m in West Bromwich. As with the ward based data Dudley town centre is shown to have more office space (72,000 sq.m) than West Bromwich. No meaningful (ODPM) data is available for Brierley Hill/ Merry Hill as the ODPM centre boundary excludes the Waterfront. However the ward based data suggests that there is a little over 100,000 sq.m of office accommodation in the centre as a whole.

- 3.4.2 WMRCS converted its forecasts of office employment growth to a floorspace requirement by the application of a standard employment density of 18 sq.m per employee. The resultant requirements at district and centre level are summarised in Table 3.2. The overall office floorspace requirement for the Black Country 2001-2021 is put at between 610,000 and 660,000 sq.m, i.e substantially more than the ELCS Baseline figure (see Table 2.3) of around 366,000 sq.m but below the Vision requirement for about 883,000 sq.m (2003-21). WMRCS's Scenario 5 requirement, at 1.130 million sq.m is substantially more than the ELCS Vision, although it should be noted that Scenario 5 did not score highly in the regional evaluation, which tended to favour Scenarios 2, 3 and 4. At the district level WMRCS ascribes some 40% of the total requirement to Dudley MB (all scenarios) while in terms of centres, the *five* strategic centres (i.e. including both Dudley town centre and Merry

Hill/Waterfront) account for approximately 40-42% of the total Black Country requirement.

4. Policy Adjustments

4.1 Overall Office Growth

4.1.1 In looking ahead to 2021 we therefore had a prediction (arising from the economic strategy/ELCS work) that we would require approximately 883,000 sq.m of new office accommodation to fulfil our Vision. This was set against WMRSC's indication (calculated on a different basis and for a slightly different time period) that the requirement could be as high as 1.13m sq.m (Scenario 5). Conversely we had the ELCS baseline indication that, if there is no reversal in the economic fortunes of the Black Country, then the potential could be as little as 365,000 sq.m, and the rather more optimistic expectations of WMRCS that without any particular 'direction' of growth towards the Black Country we could anticipate a requirement in the order of 650,000 sq.m. Given this range we felt that WMRSC was giving sufficient support to our (ELCS-based) Vision scenario for us to maintain our support for a target of 883,000 sq.m of (combined Class B1a and A2) office development over the period 2004-21. However, we recognised that we had already made allowance in our retail allocation for a small part of the demand for Class A2 office accommodation (estimated at around 10,000 sq.m) to be met within new shopping developments. Therefore we were left with a potential for around 873,000 sq.m up to 2021. In projecting forward to 2031 we adopted the Vision Scenario requirement for approximately 1.445m sq.m.

4.2 Allocation to Districts and Centres

4.2.1 In distributing this office growth we took the view that it would be appropriate to steer as much as possible towards our strategic centres; for two reasons:

1. The key role that we are ascribing to our centres in achieving our Vision for growth: i.e. it is within our strategic centres that will be found the most conducive environment for the kind of (mainly service) activities which have such a big role to play in achieving economic transformation.
2. Concentrating intensive office-based employment in centres is a major contribution to achieving national and regional strategies for economic development.

4.2.2 In taking this approach we were aware that the concentration of a major proportion of the Black Country's new office development in strategic centres would imply major changes in planning policy. Table 4.1 shows that, of 95,600 sq.m of office development currently with planning permission in the Black Country, only 6,400 sq.m (7%) is in-centre, all of this in Dudley town centre. At the regional scale, Birmingham, where 216,000 sq.m, or 78%, (out of a permitted 279,000 sq.m) is in the City Centre is very much the exception. Notwithstanding Birmingham's influence within the regional data the average in-centre share across the whole West Midlands, including Birmingham, is only 29%.

- 4.2.3 Our own centres study (SBCC), although it did not quantify office demand, offered some policy advice on location. It took the view that competitive pressure for space within strategic centres could mean that offices are not the highest priority land use. Priority must be given, in its view, to ‘higher order’ comparison retail, and associated leisure provision, which are the fundamental drivers of activity and investment in strategic centres – and as such the first priority for key sites. SBCC considered that in all probability only a small proportion of office needs could be met “within the core central areas of the defined strategic centres” and that the bulk of such requirements should be met in “edge of centre or ... highly accessible off centre locations”.
- 4.2.4 We had reservations as to whether SBCC’s approach gave sufficient recognition to the sustainability arguments in favour of locating high density employment uses such as offices within centres, where there is comprehensive public transport access. However before adopting a strategy of concentration in strategic centres we undertook, in consultation with the district councils, a comprehensive exercise to verify that the required physical capacity could indeed be made available in in-centre or edge-of-centre locations, without compromising priority uses such as comparison retailing..

Table 4.1 Black Country – Office Floorspace Commitments (2004)

District	In centre (sq.m)	Outside centre (sq.m)	Total	In centre %
Dudley	6,400	24,000	30,400	21%
Sandwell	Nil	20,600	20,600	0%
Walsall	Nil	700	700	0%
Wolverhampton	Nil	43,900	43,900	0%
Total Black Country	6,400	89,200	95,600	7%
<i>Birmingham</i>	<i>216,400</i>	<i>62,700</i>	<i>279,100</i>	<i>78%</i>
Total WM Region	256,100	639,000	895,100	29%
Source: WMRCS Technical Paper 6, Table 3.3				

- 4.2.5 In making our overall apportionment of growth we did not seek to achieve a particular quantum within individual districts. Rather we took the view that in pursuit of a ‘four-centres’ strategy we should seek as far as possible an ‘equal shares’ allocation of all significant office growth to the four strategic centres (Brierley Hill/Merry Hill, Wolverhampton, Walsall and West Bromwich) subject only to a residual required to meet essential local needs (including for A2 uses in smaller centres) and to honour existing commitments, which, as Table 4.1 shows, are largely out-of-centre. This led to the broad distribution summarised in Table 4.2 and analysed further in the discussion of Prism Input below.

4.2.6 On this basis, the four strategic centres would account overall for 85% of the total office growth that we are anticipating by 2021 or 90% of that occurring over the longer period to 2031. This difference is the effect of assuming that the only substantial development away from the strategic centres will be the implementation of existing commitments, which will be concentrated in the earlier part of the period. The assumption on commitments also has the effect of creating an imbalance between districts, with Wolverhampton, which has the highest level of commitments – mostly on its northern periphery - allocated 27.5% of the additional floorspace expected up to 2021, while Walsall, where commitments are negligible, has 22%

Table 4.2 Office Floorspace Growth Allocation 2004-31

Centre / District	2004-21	2021-31	2004-31
Merry Hill/Waterfront	187	138	325
Dudley	10	2	12
Rest of Dudley MB	30	2	32
Total, Dudley MB	227	142	369
West Bromwich	187	138	325
Rest of Sandwell MB	29	4	33
Total, Sandwell MB	216	142	358
Walsall	187	138	325
Rest of Walsall MB	6	4	10
Total, Walsall MB	193	142	335
Wolverhampton	187	138	325
Rest of Wolves. MB	54	4	58
Total, Wolves. MB	241	142	383
Total, 4 Strategic Centres	748	552	1,300
Total Elsewhere	116	16	132
Total Black Country	877	568	1,445
Source: BC Consortium/Various			

5. Prism Inputs

5.1 Amount of Office Employment Growth

- 5.1.1 As was the case with retailing we had to distribute our office growth predictions to traffic zones in order to facilitate transportation testing of the preferred strategy. These allocations were required in terms of the number of additional jobs in each zone for the two periods 2004-21 and 2004-31. This was to some extent a less complex operation than was the case with retailing since we had a clear quantum of office employment to distribute, which was linked automatically to the distribution of office floorspace (on which we had already made our policy choices). Producing guidelines for a zonal breakdown for office jobs - again undertaken in consultation with district officers - was therefore essentially a simple process, driven by policy choices already made. These policy choices included crucially the decision that existing commitments would constitute the *only* substantial office development that we would anticipate outside the four identified strategic centres.
- 5.1.2 The amount of office employment growth to be distributed within the Black Country is clearly established by the ELCS employment forecasts for the Vision scenario (See Table 2.2 above), i.e. an additional 78,900 (B1a+A2) office jobs by 2031, of which 48,300 will be generated by 2021. However about 1,100 of these jobs (i.e. that component of the A2 growth that is assumed to form part of new shopping development) has already been allocated in the retail context – including 700 in the pre-2021 period. This leaves a total of 77,800 office jobs to be allocated – 47,600 by 2021. Given the nature of A2 activity (direct service to visiting members of the public) its locational criteria may differ from the body of (B1a) office activity and it is therefore retained as a separate category in the allocation – which therefore comprises approximately 71,200 Class B1a jobs and 6,500 A2 jobs. The total to be allocated up to 2021 comprises 43,600 B1a jobs and 4,000 in the Class A2 category.

5.2 Distribution of Office Employment Growth

- 5.2.1 Table 5.1 sets out the distribution which we developed for the approximately 77,500 office jobs (71,000 B1(a) and 6,500 A2) accommodated in 'office development' over the whole period to 2031. The total for A2 office floorspace is the total projected growth for the Black Country area (146,000 additional sq.m/ 7,600 additional jobs) less the 19,800 sq.m/ 1,100 jobs assumed to be accommodated within the new shopping development allocated under in the retail context (described in Technical Paper No.2). Commitments, totalling 95,600 sq.m/ 5,310 jobs, are taken from WMRCs (see Table 4.1 above). It is assumed that all commitments, which are almost exclusively out-of-centre, are entirely of B1(a) floorspace.
- 5.2.2 The overall distribution reflects Members' decision that at least 900,000 sq.m of office space would be distributed on an equal shares basis between the proposed four strategic centres. Class A2 jobs are allocated on the basis of a 75% share accommodated in the proposed four strategic centres (approximately proportionate to their combined retail role) divided on an equal shares basis. The balance of A2 use is allocated on an equal shares basis between districts –subject to a prior allocation of half Dudley's 'share' to Dudley town

centre – and it is assumed this will be allocated amongst “other town centres”.

Table 5.1 Distribution of Additional Office Jobs, Black Country 2003-31 (Prism)

Location	Additional Office Accom.				Commitments Included		Balance to locate	
	B1(a)		A2		'000 sq.m	jobs	B1(a) jobs	A2 jobs
	'000 sq.m	jobs	'000 sq.m	jobs				
Brierley Hill/ Merry Hill	300	16400	23	1,250	Nil	Nil	16400	1,250
Walsall TC	300	16,400	23	1250	Nil	Nil	16,400	1,250
West Bromwich TC	300	16,400	23	1,250	Nil	Nil	16,400	1,250
Wolverhampton CC	300	16,400	23	1,250	Nil	Nil	16,400	1,250
Total Strategic Cents.	1,200	65,600	92	5,000	Nil	Nil	65,600	5,000
Dudley TC	7	350	4	180	7	350	Nil	180
Other - Dudley MB	25	1,350	4	180	25	1,350	Nil	180
“ - Walsall MB	1	50	8	380	1	50	Nil	380
“ - Sandwell MB	22	1,150	8	380	22	1,150	Nil	380
“ - Wolves MB	45	2,500	8	380	45	2,500	Nil	380
Total Black Country	1,300	71,000	127	6,500	100	5,400	65,600	6,500
Source: BC Consortium/Various								

5.2.3 The intermediate distribution as at 2021 is dealt with in Table 5.2. This is controlled within the totals referred to above, i.e. an increase of 43,600 B1(a) jobs and of 4,000 A2 jobs (after allowance for those located within new shopping developments) by 2021. The distribution proposed is essentially pro rata to that sought for 2031, subject to the assumption that all existing commitments would be implemented by 2021.

Table 5.2 Distribution of Additional Office Jobs, Black Country 2003-21 (Prism)

Location	Additional Office Accom.				Commitments Included		Balance to locate	
	B1(a)		A2		'000 sq.m	jobs	B1(a) jobs	A2 jobs
	'000 sq.m	jobs	'000 sq.m	jobs				
Brierley Hill/ Merry Hill	171.25	9,550	15	760	Nil	Nil	9,550	760
Walsall TC	171.25	9,550	15	760	Nil	Nil	9,550	760
West Bromwich TC	171.25	9,550	15	760	Nil	Nil	9,550	760
Wolverhampton CC	171.25	9,550	15	760	Nil	Nil	9,550	760
Total Strategic Cents.	685	38,200	60	3,040	Nil	Nil	38,200	3,040
Dudley TC	7	350	2	120	7	350	Nil	120
Other - Dudley MB	25	1,350	2	120	25	1,350	Nil	120
“ - Walsall MB	1	50	4	240	1	50	Nil	240
“ - Sandwell MB	22	1,150	4	240	22	1,150	Nil	240
“ - Wolves MB	45	2,500	4	240	45	2,500	Nil	240
Total Black Country	785	43,600	76	4,000	100	5,400	38,200	4,000
Source: BC Consortium/Various								