

Land North East of Junction 10, M42

Employment land needs and benefits

PINS Ref: APP/R3705/W/24/3336295

LPA Ref: PAP/2021/0663

Proof of evidence of
Professor Jim Coleman
and Stephen Nicol

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1. Qualifications of the witnesses

- 1.1 This is a proof of evidence that has been prepared jointly by Stephen Nicol of Nicol Economics, who is unable to attend the Inquiry due to its change of date, and Professor Jim Coleman of WSP.

Professor Jim Coleman

- 1.2 James Stephen (Jim) Coleman is an urban economic development expert with 30 years' experience. He directs consultancy and project teams and coordinates specialist economic inputs into large scale, multi-disciplinary assignments. He is expert in envisioning economic futures for cities and regions based on specialised sector and industry strengths (including automotive and advanced manufacturing), net zero carbon transition and urban technology.
- 1.3 Jim provides expert economic advice to public bodies internationally including national governments, urban development companies, municipal authorities and international development agencies, including the World Bank and the UK Foreign, Commonwealth & Development Office (FCDO). He has wide-ranging experience developing economic plans and strategic frameworks. He focuses largely on the economic resilience of cities, low carbon economy transitions, urban competitiveness and economic specialisation, industry studies and private sector development, housing and urban revitalization, labour markets, skills and infrastructure planning.
- 1.4 Jim has an MA in Economics and an MSc in Economics, both from the University of Glasgow, as well as a PhD in Economics from the University of Stirling. He started his career as a full time academic in the Economics Department of Durham University, prior to entering commercial consultancy. His Consultancy experience started with DTZ Peda (now Cushman & Wakefield), prior to moving on to EDAW (now AECOM), Regeneris Consulting (now Hatch), and subsequently becoming global Head of Economics at BuroHappold, Director of Urban Economics at Oxford Policy Management and now Head of Economic Advisory at WSP.
- 1.5 Jim is a specialist in the economics and planning of special economic zones (SEZs), innovation districts and large-scale economic infrastructure projects such as transport systems, ports, airports, renewable energy systems and bridges. He has experience across numerous countries with diverse socio-economic characteristics - he has worked extensively across the UK, in Europe, Asia, the Middle East and Africa.

- 1.6 Jim also works regularly for private sector clients such as real estate developers and infrastructure funders. He has produced business plans and business cases, revitalization plans and economic strategies for large-scale mixed-use or housing-led development schemes and to accompany private sector bids for infrastructure, utility services delivery and associated concessions (e.g. transport/logistics, energy, healthcare). He is a regular contributor to the UK Government's All Party Parliamentary Group (APPG) on Net Zero, as well as representing WSP as a corporate member of environmental and economic development advocacy organisation The Aldersgate Group.
- 1.7 Jim regularly writes and commentates on issues in urban economic development and urban resilience via blogs, white papers and expert panel discussions. He has retained a close association with academia throughout his career and is currently a Professor of Professional Practice in the School of Architecture and Cities, University of Westminster, where he advises on university-industry engagement, curricula development and teaches on courses covering the resilient economic development of cities and sustainable approaches to strategic spatial planning.

Stephen Nicol

- 1.8 Stephen Leslie Nicol (BA, MA) is an expert on economic development and the assessment of economic need and benefits. He graduated from Kings College, Cambridge in 1983 with a BA in Economics and then took an MA in Development Economics at Sussex University. In 1984, he entered the Government Economic Service where he worked in the then Department of the Environment and subsequently HM Treasury. In his time in the Government, he provided economic advice on public sector housing, roads, higher education and public sector investment appraisal. He was promoted to Economic Adviser (Grade 7) in 1987.
- 1.9 In 1989, he joined Pieda plc a firm of economic development consultants and was promoted to Director in 1993. Pieda plc merged with DTZ Debenham Thorpe in 1997 to form DTZ Pieda Consulting. Stephen Nicol and Jim Coleman first worked together at Pieda and then DTZ Pieda in its Manchester office. He became Managing Director for the whole of the consultancy business. He left to form Regeneris Consulting in 2000 where he was the Managing Director for 15 years (and where he worked again with Jim Coleman). In June 2017, his role changed and he is now the managing director of Nicol Economics, an independent economics consultancy firm.

1.10 During his career, he has played a leading role in a wide range of economic needs assessments and economic impact assessments of infrastructure and other projects. These have included:

- Large scale warehousing for storage and distribution
- Higher education and research and innovation developments
- Major retail and office developments
- Cultural and leisure projects.

1.11 Stephen Nicol was the author of the Employment Land Needs Statement (**CD.A13**) that was submitted with the original planning application in November 2021.

Declaration

1.12 The evidence which we have prepared and provide for this appeal (APP/R3705/W/24/3336295) and the opinions expressed are our true and professional opinions, irrespective of by whom we are instructed. We understand that our primary duty to the Inquiry is to ensure that the expert evidence provided by us:

- Must be, and must be seen to be, our independent and unbiased product, and fall within our expertise, experience and knowledge;
- Must state the main facts and assumptions it is based upon, and not omit material facts that might be relevant to our conclusions; and
- Must be impartial and uninfluenced by those instructing or paying us to give the evidence.

2. Scope of the evidence

2.1 This proof of evidence is based in part on the previous employment land needs statement produced in November 2021 by Nicol Economics (**CD.A13**). However, much has changed since then in terms of the economy at a national and local level, so the proof provides a full update of the evidence and needs and benefits case. The fundamentals points remain however unchanged from this earlier analysis.

2.2 Our proof covers:

- The economic **need** for the development including:
 - The economic context nationally, regionally and locally
 - Relevant economic development policy (planning policy being covered by other witnesses)
 - Evidence on the specific need for space for large scale logistics.
- The local economic and social **benefits** from the Proposed Development .

2.3 Matters of **planning policy** are dealt with in the proof of Doug Hann of WSP. The need for and benefits from **lorry parking** is dealt with in (**CD.A15**) submitted with the application and an Addendum to the Assessment (both prepared by MDS Transmodal) that is an appendix to the planning proof of evidence. Detailed evidence the current supply and demand for industrial space is dealt with in the evidence of David Binks and of Jonathan Turner from Cushman and Wakefield.

3. The need for space for large scale employment sites

- 3.1 The starting point of our evidence is that there is a **strong national and regional economic need for an efficient and well-functioning logistics sector**. This sector is central to the successful functioning of a modern economy and is important in driving productivity – a key challenge for the UK economy.
- 3.2 A critical requirement of an efficiently functioning logistics sector is the provision of the right kind of **space** (ie modern warehouses) in the right kind of **locations**. The specific space requirements and location requirements will vary from sector to sector and from business to business. Therefore it is important that specialist logistics operators and companies with their own inhouse logistics operations have a **good choice** of locations and premises. This is also true of firms that are seeking space for part logistics/part manufacturing operations.
- 3.3 The appeal site and the Proposed Development that is the subject of this Inquiry is a strategic site in nature that is aimed, primarily, to meet a **specific need** which is that of **large scale logistics operations**¹. These are referred to in the JLL Employment Land Statement published September 2021 (**CD.A12**) as “Big Box” logistics (sheds over 100,000 sqft or 10,000 sqm). The majority of data collected and reported on by property advisory firms and the vast majority of new logistics space overall that is developed is in the category. This is the focus of this section of the proof.

Overview on the key role of logistics in the economy

- 3.4 The logistics sector has long been recognised as a critical part of a successful UK economy. Well over a decade ago, the 2011 Department for Transport Logistics Growth Review² recognised its role as *“a critically important enabler of the success of other businesses of all sizes and sectors– from corner shops to supermarkets, manufacturers to ebay entrepreneurs, and energy companies to waste businesses”*.
- 3.5 The importance of this sector to the UK economy has undoubtedly grown over since that time as a result of a structural changes that have taken place to the UK economy.

¹ Subsequent to the original planning application in 2021, subsequent documents (e.g. **CD.B45**) explained that a **flexible permission** is currently being sought which could enable the provision of up to 10,000 sqm (over 107,000 sqft) of Class B2 (general industry) and Class E(g)(iii) (light industrial). The role and benefits of this element is explored later on in this Proof

² *“The Logistics Growth Review - Connecting People with Goods”*, DfT, November 2011 (**CD.I47**)

- 3.6 More recently, there has been national research that has focused on the role of the logistics sector in supporting UK productivity and a successful economy (especially in the context of the pandemic in the UK). A 2020 British Property Federation (BPF) report³ highlighted the strong productivity growth in the sector driven by technology (contributing to overall UK productivity growth). Research for Logistics UK, the trade body for the sector, points out the wider benefits of an effective supply chain for the UK⁴.
- 3.7 A number of longer term trends have been driving the move to increasingly larger warehousing operations. These trends were, in effect, “turbo-charged” as a result of Covid-19 during 2020 and 2021 which precipitated and accelerated **very significant structural shifts in the economy**. The full impact of Brexit including the UK leaving the EU’s Single Market and Customs Union in January 2021 also led to disruption in supply chains and the need to ‘reshore’ suppliers. Subsequent global events such as the Russia-Ukraine war and, more recently, conflict in the Middle East as well as issues with the operation of both the Suez and Panama canals (crucial to global shipping) have also triggered further changes. These key trends are set out below.

Role and rise of internet retailing

- 3.8 The first effect was that impacts of Covid-19 led to an immediate acceleration a pre-existing trend of the rise in **internet-based retail, wholesale and business-to-business (B2B) activities** (or “e-commerce”). There was a pre-existing and consistent long term growth in internet shopping which is a key driver of warehousing demand. Put simply with less stock held on the high street or in out of town retail locations, there needs to be more warehousing space. The 2022 Big Sheds report by Savills notes that around 35% of demand for logistics space in 2021 had been from on-line retailers⁵ and the Cushman and Wakefield review in the summer of 2021 put this at 48%⁶. JLL’s review of 2021 found that overall 41% of all take-up of Grade A logistics space nationally⁷ was driven by e-commerce occupiers (e.g. Amazon). This has been one of the key factors in driving up the need for and demand for logistics space.

³ “*Delivering the goods in 2020, the Economic Impact of the UK Logistics Sector*”, British Property Federation (BPF) Industrial Committee, 2020, (CD.I52)

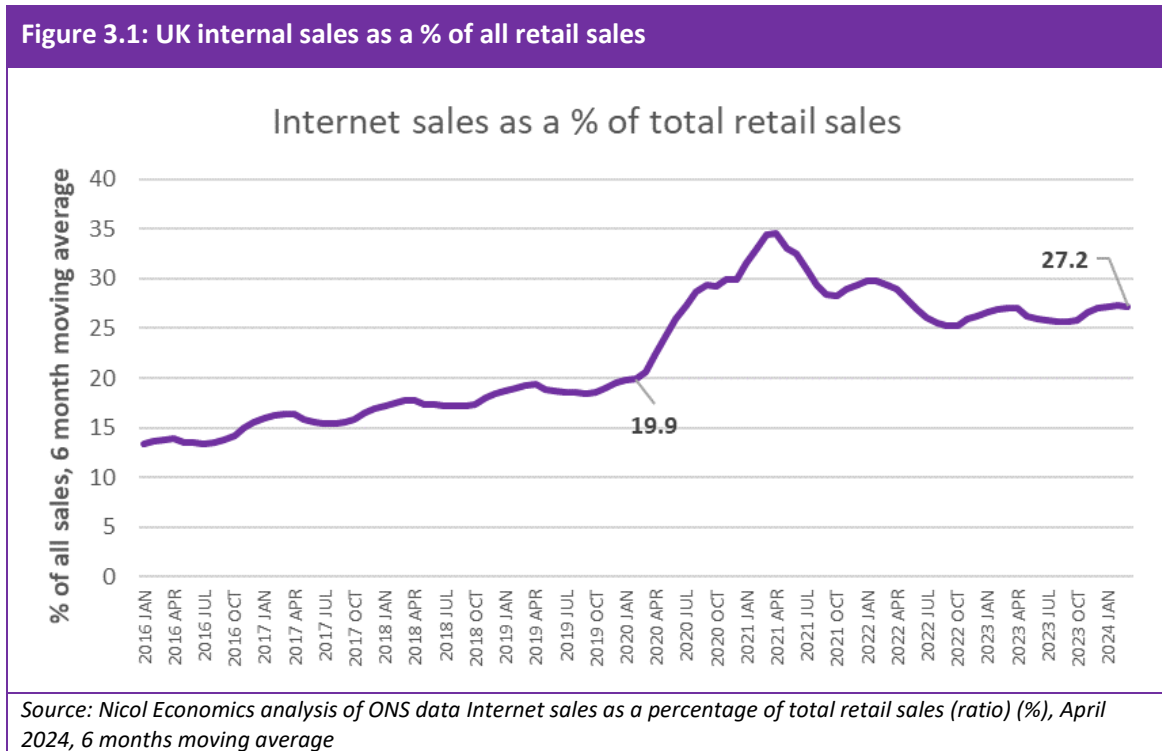
⁴ “*The Impact of Logistics Sites in the UK A report prepared for Amazon and supported by Logistics UK*”, Frontier Economics, June 2022 (CD.I48)

⁵ “*Big shed briefing: UK Logistics*”, January 2022, Savills (CD.I49)

⁶ “*Summer 2021 Logistics & Industrial Regional Outlook*”, C&W, July 2021 (CD.I51)

⁷ “*UK Big Box Logistics Market Update*”, January 2022, JLL (CD.I53)

3.9 As Figure 3.1 shows, there was a big spike in the share of internet sales during the period of Covid restrictions in 2020 and 2021, since then it has dropped back but remains well above pre-Covid levels of 20% and ahead of the trend growth of the share pre-Covid (which was around a 1.5% point increase in share each year for the five years 2015 to 2020). This is a trend which is only projected to increase.



improving resilience in supply chains

3.10 A second effect has been a focus on **improving resilience in supply chains**. Covid-19 led to major disruptions in global supply chains which started when China entered lockdown in January 2020. UK manufacturers and other businesses have been seeking greater resilience which means higher stock levels need to be held in the UK (given that so much of our goods are imported). This has pushed up the demand for space in the UK and this effect is likely to be sustained.

3.11 In addition, the impact of Brexit produced uncertainty about supply chains further increasing this driver. The post Brexit UK-EU Trade and Cooperation Agreement, agreed just before the end of 2020, has added considerable “friction” to the trade between the UK and the EU. This has led to an increase the need for stockholding within the UK. Finally, the recent events in Europe with the

war in Ukraine have further dented confidence in global supply chains as have the attacks on shipping in the Red Sea and the issues with the operation of the Panama Canal⁸.

- 3.12 The third effect is connected to the second and that has been the phenomenon known as “**re-shoring**”. In part because global supply chains are liable to disruption the business model of some firms and sectors in the UK has been to seek to enhance manufacturing activity within the UK instead of this taking place several thousands of miles away. According to a recent survey, two in five UK-based small businesses are considering a switch to UK manufacturers as rising shipping costs bite into margins and threaten growth⁹.

The increasingly role of automation (and the use of AI)

- 3.13 There is a drive to reduce the overall labour requirement and to increase automation within warehouses (both for incoming deliveries, stacking and “picking” goods within the warehouse, and external deliveries) and indeed across the whole logistics system. A recent CBRE European Logistics Occupier Survey¹⁰ found that 80% of occupiers considered that warehouse robotics were the top “technology disruptor” to logistics supply chains (up 20% from the previous year). “Disruptor” in this context means that the increased use of robotics is changing the way supply chains operate and in how goods are handled inside, into and out of warehouses and when they arrive at customers. The new supply chains will work more efficiently, utilising personnel in a more productive manner, and as time goes on will require less staffing as a result.
- 3.14 For the UK, CBRE’s survey suggests that automation penetration is still relatively low. They record that 60% of warehouses use entry level or base automation, and only 1-2% of warehouses currently operate using an advanced fully automated specification. One reason for this they record is that advanced automation solutions are the most cost effective in much **larger warehouses with greater eaves heights**, rather than in smaller big box units – making up a greater percentage of the UK’s stock.

⁸ A prolonged drought has led the Canal's operator to cut the number of crossings, resulting in longer waits. The tolls that shipping pay are now around eight times more costly than normal.

⁹ A survey by logistics operator ShipBob as referenced in a Foresight report by Arup “Future of Goods Movement”, November 2023 (CD.I54). This report highlights five key driver of how goods will be moved in the future: 1 The transition to net zero emissions; 2 The need to prioritise resilience against growing environmental, social, and economic risks; 3 The changing nature of global economic power and the role of different nations in consumption and production; 4 New technology and changes in supply chains, consumer preferences, and retail business models; and 5 The energy and industrial materials transition

¹⁰ “European Logistics Occupier Survey”, CBRE, June 2022 (CD.I55), available on NWDC’s economic development web site page

3.15 Recent work for the South East Midlands LEP¹¹ also emphasised the increasing role of automation in the design of future warehousing. The report emphasises that this trend is:

- increasing the importance of a local power supply,
- driving down employment densities, but
- changing the skills mix needed for warehousing operation *“increasing the need for technicians and engineers to manage, monitor and repair equipment”*.

Other drivers

3.16 There is also the drive to move towards **decarbonisation** producing a lower carbon footprint impact from logistics and also reduces energy costs. This is of course critical government policy and business and consumers are responding to this critical driver. This requires efficiencies in operation and therefore often **newer buildings** (which tend to be greener than older buildings), greater efficiencies in the supply chain from technology and eventually greener vehicles. An increasing number of occupiers of logistics space have important ESG (environmental, social and governance) drivers in their choice of space. As noted in a recent Knight Frank report on the logistics sector: *“occupiers are increasingly seeking high-quality, modern facilities to help them achieve their ESG goals, reduce running costs, and enhance operational efficiencies through automation and technology. This rise in demand is driving the need for new, sustainable, and well specified warehouses”*¹².

Overall evidence on need

3.17 The impact of these shifts in demand and need for logistics space at a national and regional level are shown in Figures 3.2 and 3.3. Across the three years 2020 to 2022 the average annual take-up for the UK peaked at 51.5 million sqft, which was more than double than the 26 million sqft of the preceding 13 years (2007 to 2019). In the West Midlands, the respective figures are 8.1 million sqft per annum average take-up for 2020, 2021 and 2022, this was also double the average for the previous 13 years (4.1 million sqft).

3.18 As the two figures show, during 2023 take-up levels nationally and across the West Midlands fell back from the historically unprecedented levels in 2020, 2021 and 2022 to more “normal” levels.

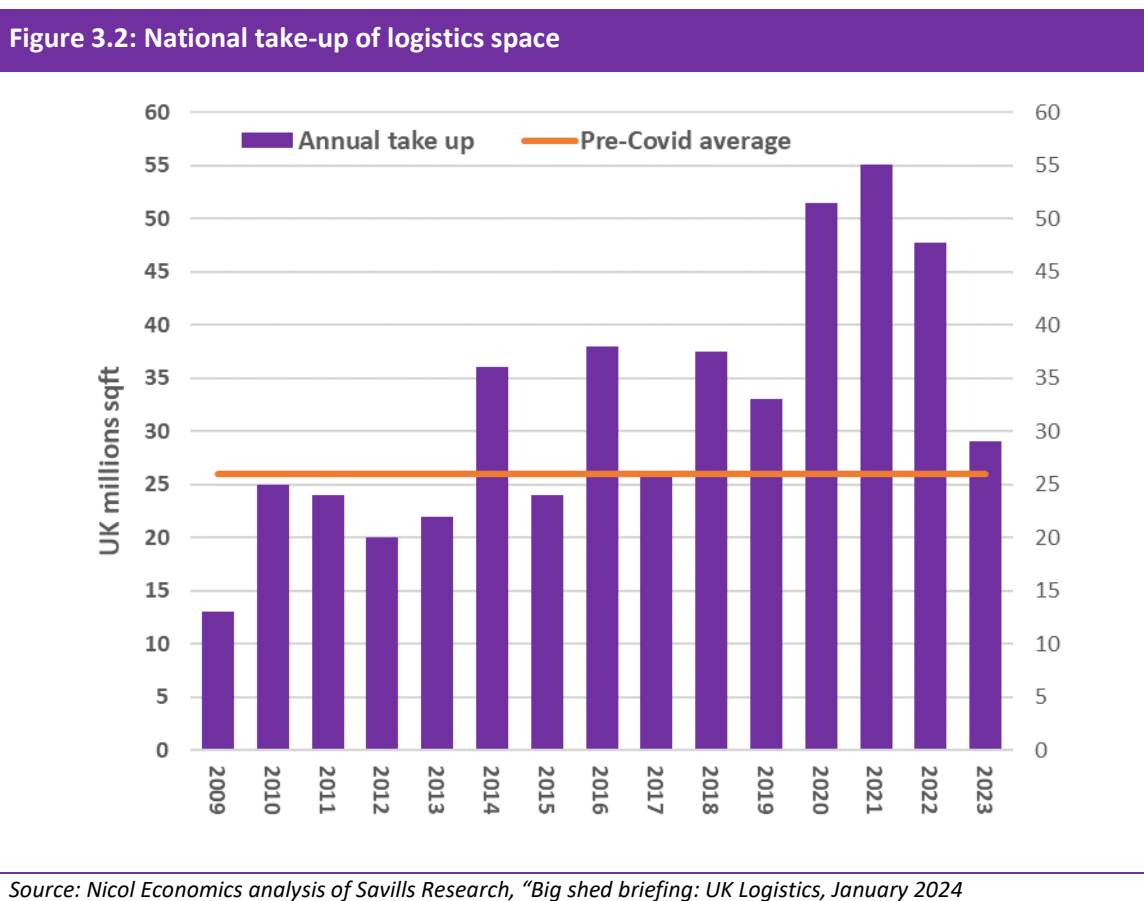
¹¹ *“Warehousing and Logistics in the South East Midlands, Final Report”*, Icenic Projects Limited on behalf of South East Midlands Local Economic Partnership, September 2022”, **CD.I56** para 2.13 to 2.22

¹² *“Is the Logistics sector delivering on ESG?”*, Knight Frank, July 2023 (**CD.I57**)

Take-up rates during 2023 were almost exactly in line with pre-Covid period average¹³. It is entirely understandable that demand would ease back somewhat after three years of such high take-up.

3.19 In addition, as we note in the next section, the UK economy has faced major economic “headwinds” during 2023 as a result of the energy price shock, inflation and the many increases in interest rates (the Bank of England’ “economic medicine” to control inflation). This has led to a severe squeeze on household disposable income and the economy has flatlined during 2023, with only very limited growth forecast for 2024.

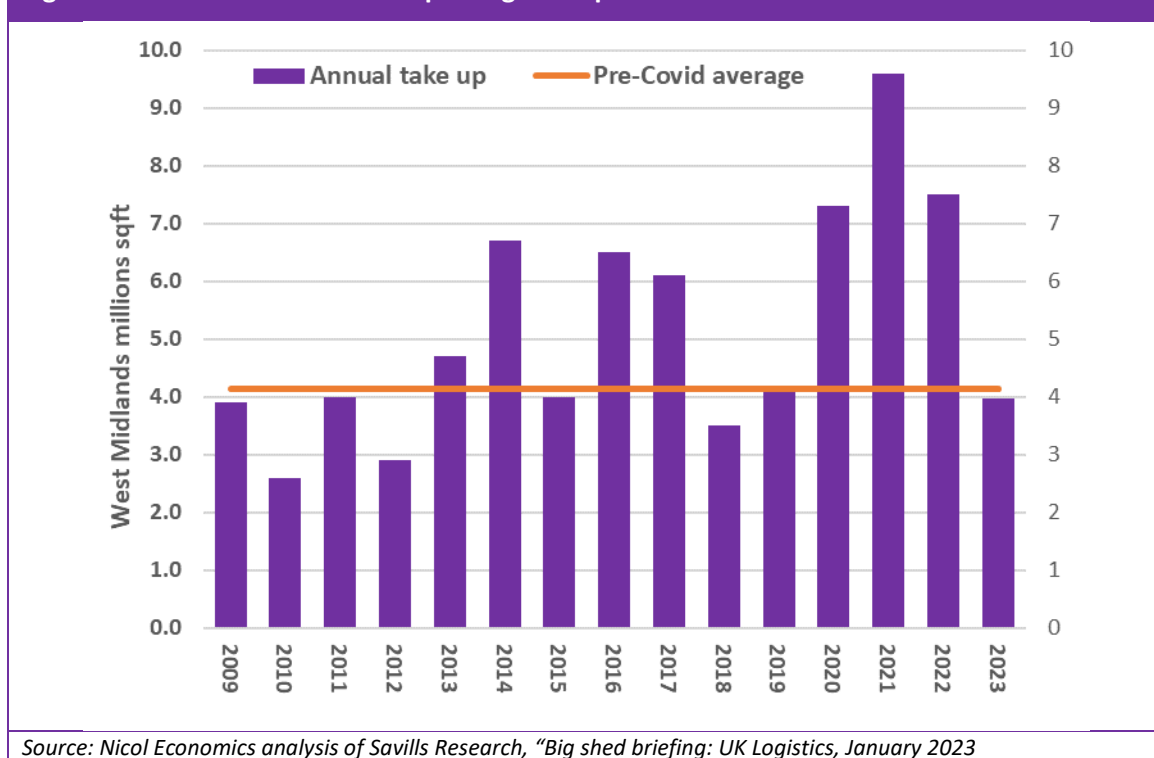
3.20 In the light of these economic headwinds, it is also hardly surprising that demand for logistics space has slowed down somewhat during 2023. However, the latest CoStar forecast for UK overall industrial space and, in particular, logistics space is that annual demand¹⁴ will pick up in 2024 and in subsequent years at in proportionate terms similar to pre-Covid levels.



¹³ 26 million sqft for the UK and 4.1 million sqft for the West Midlands for the 13 year period 2007 to 2019 inclusive

¹⁴ As measured by vacancy rates, annual net absorption or total stock of space

Figure 3.3: West Midlands take-up of logistics space



Regional evidence of need

3.21 There has been a considerable amount of work at a regional level to identify the scale of need and the location of that need, driven in particular by the desire across the region to secure appropriate **strategic employment sites** (SES) for the industrial and logistics sectors. This work is examined in detail in the updated Employment Land Study prepared by Cushman and Wakefield (**CD.I20**). To date there have been two main reports:

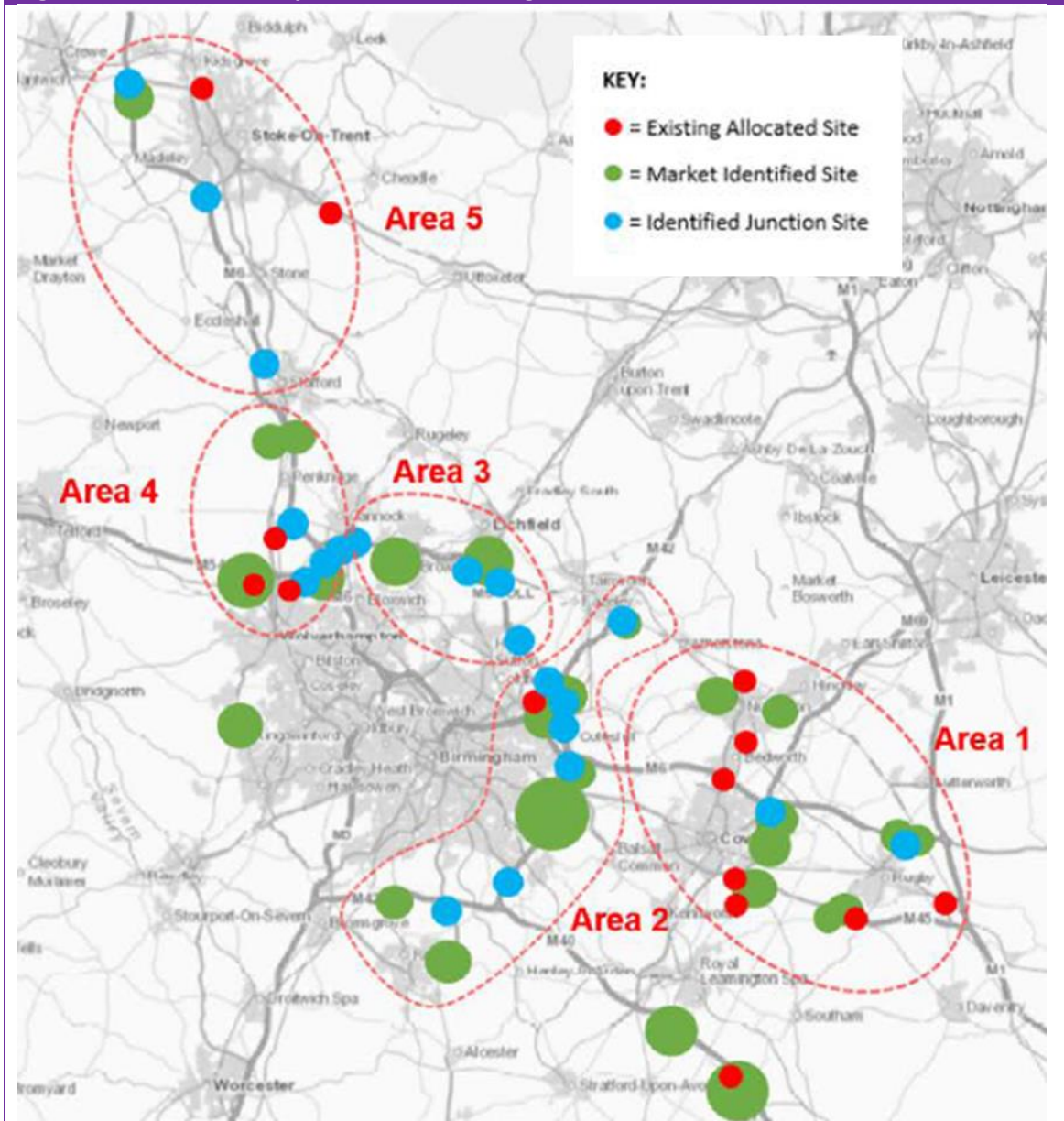
- The 2015 West Midlands Strategic Employment Sites Study (WMSESS 2015, **CD.I1**)
- The 2021 West Midlands Strategic Employment Sites Study – Final Report (WMSESS 2021, **CD.I2**)
- A third stage WMSESS was commissioned 2023 and is due for completion shortly.

3.22 The reports and their underpinning evidence-based analysis of need have had consistent messages. Unfortunately, those messages have not been heeded in the way various local plans developed across the region and sub-region have addressed the requirements identified. There is no regional mechanism to ensure these needs are met. So instead, the trend has been for development plans to defer addressing such needs until unspecified future times. The very slow progress in identifying and allocating suitable sites in development plans is set out clearly in the updated Employment Land Study (**CD.I20**).

- 3.23 Both the 2015 and 2021 WMSESS reports concluded that a **minimum site area of 25 hectares** was the appropriate the cut off for a strategic employment site. The 2021 study concluded that *“the consensus was that the 25 hectare (gross) minimum threshold should be retained as an appropriate scale for a general employment site that would be able to attract strategic business activity into the region”*. It also stated that essential definition of Strategic Employment Sites were *“sites over 25 hectares which could attract nationally or internationally mobile business activity”*.
- 3.24 The 2021 report also concluded that *“Strategic Employment Sites are best delivered in locations that are **accessible to the strategic highway network**, with sites located close to motorway junctions being prioritised by developers and occupiers”* (page 4, our emphasis added).
- 3.25 In respect of the evidence of need and demand, the 2021 WMSESS concluded that on the basis of the ‘past trends’ approach that they adopted it was clear, as it was in 2015, that there is a limited supply of available, allocated and/or committed sites across the West Midlands that met the definition of ‘strategic employment sites’, and an *“urgent need for additional sites to be brought forward to provide a **deliverable pipeline**”* (para 6.12, our emphasis). This urgent need, they noted, reflected the **very substantial lead-in times** for promoting and bringing forward such sites.
- 3.26 The 2021 WMSESS also reviewed the **geographical areas** within the West Midlands where there was strongest demand and need. Its findings were broadly consistent with that of the 2015 study. They looked at five areas (see Figure 3.4) and concluded that Areas 1, 2, 4 and 5 should be considered “key locations” for strategic sites due to their attractiveness to the market¹⁵.
- 3.27 For the avoidance of doubt, the appeal site at Junction 10 on the M42 lies within Area 2 (the “M42 Corridor”) and so lies in one of the areas for strategic site focus for the West Midlands. Area 2 is almost identical to the area known as Area A in the 2015 WMSESS, which informed Policy LP6 in the adopted North Warwickshire Local Plan.

¹⁵ Area 3 was excluded as it sites on the M6 toll road

Figure 3.4: Clusters or key locations for strategic site focus in the West Midlands

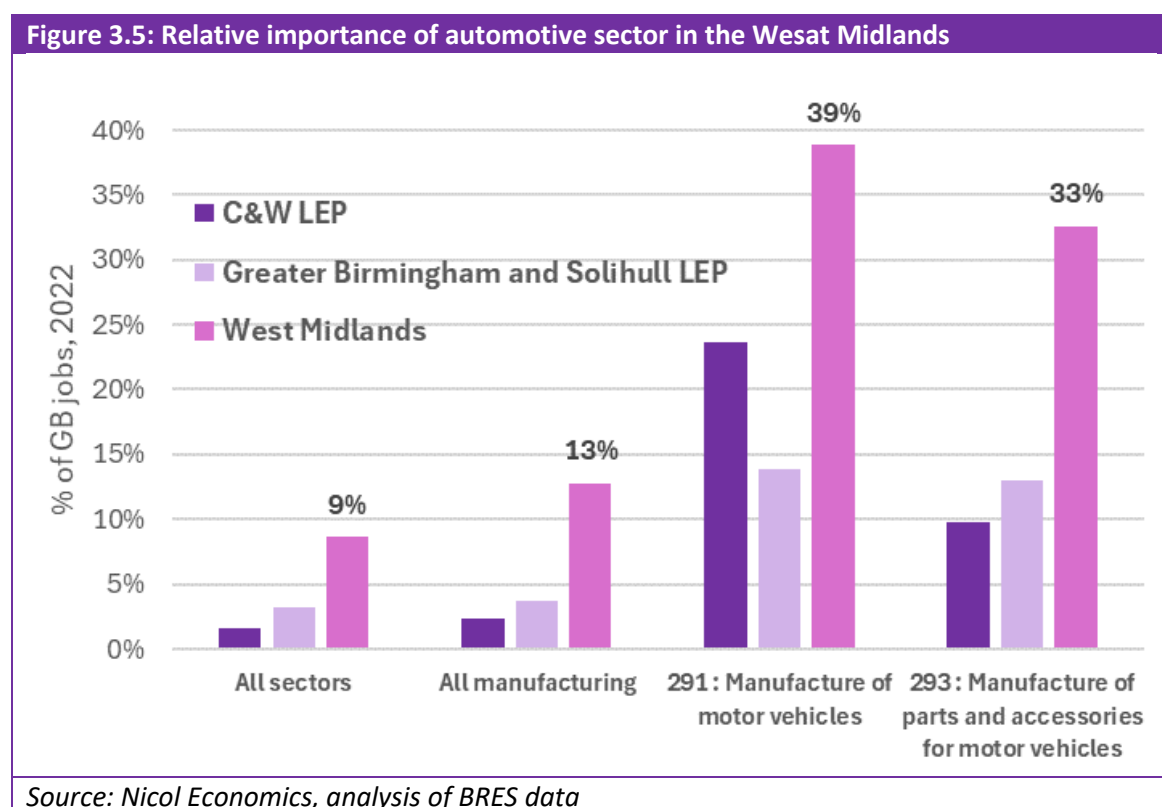


Source: WMSESS 2021 (CD.12)

3.28 The 2021 WMSESS did not quantify how many such future strategic employment sites are needed. Rather it concludes that “at a minimum, recent levels of demand are likely to be sustained from a market perspective. This could, however, increase over and above current levels given the attraction of the area as a location for investment and the ambitions of the LEPs to grow the economy and to increase productivity” (para 6.60). It then recommended this shortfall could be “quantified through an econometric demand forecast” (also para 6.60).

Role of the automotive sector in driving need

3.29 The West Midlands sits in the centre of the UK and, not surprisingly, this location makes it very attractive to larger companies seeking to distribute goods across the UK from National Distribution Centres (NDCs). However, there is another regionally specific driver of the demand for logistics and other industrial space in the region and that is the important role of the automotive sector. The West Midlands is **at the heart of the UK's important automotive sector** with a high share of prime manufacturers locally or close by (such as JLR, Geely (London Taxi) and Toyota which is located just outside the edge of the region) but also, critically, a very large share of the automotive supply chain in automotive components sectors (see Figure 3.5). In the West Midlands, the sector is in turn particularly concentrated in the Coventry and Warwickshire and the Greater Birmingham areas.



3.30 The important role of the automotive sector in driving the need for employment sites (the main source of demand for manufacturing space) is highlighted in WMSESS 2021, although the study does point out that the nature of this demand is changing with the shift to electric vehicles. Since that report was produced, Jaguar Land Rover (JLR) has set up and opened a new Battery Assembly Centre at Hams Hall (in the NWBC area) to ensure the ability to deliver electric vehicles in the future. Planning consent has been given to develop a 'giga-factory' for electric batteries at a Coventry Airport site elsewhere in the sub-region.

Sub-regional assessment of need

3.31 The Coventry and Warwickshire **Housing and Economic Development Needs Assessment (HEDNA)** was produced in November 2022 (**CD.14**). This study reviewed future housing and employment need for the sub-region which covers North Warwickshire (but not Tamworth). The HEDNA considered the need for three type of employment land:

- Office uses (which is not of major relevance for this development).
- Smaller scale industrial uses (sites catering for units under 100,000 sqft or 9,000 sqm) - where “local” need is assessed at the level of the six local authority areas that make up C&W. These are industrial units that fall below the “Big Box” category. The need was assessed based on past take-up data.
- Strategic warehousing uses (sites catering for units over 100,000 sqft or 9,000 sqm¹⁶). The need here was based on a top down forecasting model based on a mix of recent completions trends and expected future freight traffic movements¹⁷. A further 5 year margin of annual completions is added to arrive at total need.

3.32 The HEDNA produced a forecast of the scale of long term need for all three of these types of need (for two periods either 2021 to 2041 or 2021 to 2050). However, in the case of strategic B8 this need was not allocated down to district level, but is estimated **only for the whole C&W area**. There are two reasons for this: first the model and some of the data used in the HEDNA does not operate at a district level; second it is argued that this “regional” need can be relatively footloose. The HEDNA conclude that the demand for B8 was very strong.

Period	Area	Industrial - Local	Industrial - Regional
		Has.	Has.
2021-2041	NWBC	61.4	
	All C&W	659.8	551
2021-2050	NWBC	88.4	
	All C&W	951.4	735

Source: C&W HEDNA (**CD.14**). Note: the study assumed a 0.5 standard plot ratios for industrial; and 0.4 for warehouse and distribution to convert floorspace need to land.

¹⁶ And so consistent with the definition of “big box” mentioned elsewhere in this proof

¹⁷ From the MDST GB Freight Model

3.33 In respect of future sites, the HEDNA sets out five locational considerations for strategic or “regional” industrial sites (but did not prioritise or rank these). These are set out in Figure 3.6. The HEDNA assessed different parts of the C&W geography and identified four areas as being suitable for strategic/regional sites:

- **M42/A446 Corridor** – which covers the appeal site;
- **M6 Corridor** – this corridor includes Junctions 2 and 3 on the northern side of Coventry, as well as Junction 1 at Rugby;
- **M45/A45 Corridor** – this corridor has seen the successful delivery of B8 development at Prologis Ryton, which is close to Coventry as a main population centre, with further land with planning permission at Symmetry Park Rugby and Coventry and Warwickshire Gateway.
- **A5 Corridor** – this Corridor includes rail terminals at Hams Hall and DIRFT and connects to the M42, M6 and M1.

Figure 3.6: C&W HEDNA key locational considerations for industrial sites
<ul style="list-style-type: none"> • Road accessibility – sites should be located where they can be accessed from the strategic road network (motorway or significant A-road) which has capacity (or the potential to improve capacity) to support any proposed development.
<ul style="list-style-type: none"> • Power supply – sites should be located where there is potential to access sufficient power. This is an important consideration given the potential for increased automation, electrification of vehicle fleets, and systems for chilled goods.
<ul style="list-style-type: none"> • Proximity to rail Terminals – co-location of warehousing on sites with rail terminals is becoming less relevant, but there are potential sustainability benefits and cost savings to transporting goods long distance by rail. Sites close to existing / planned terminals with capacity should be assessed more positively.
<ul style="list-style-type: none"> • Labour availability – accessibility to labour is an important consideration. Locations which can draw on a wider labour pool should be assessed more positively. This will include urban areas within the sub-region, as well as outside of it – including Birmingham for instance. Regard should be had to the accessibility of locations by public transport, particularly from deprived areas and those with available labour market capacity, and the ability of employment nodes with a greater density of employment to sustain regular public transport services.
<ul style="list-style-type: none"> • Neighbouring activities – supply should not be located in close proximity to residential areas (or accessed through them), with suitable locations able to support 24/7 operations. They should be away from incompatible land uses. Locations should be able to accommodate high bay warehousing of at least 20m height without unacceptable impacts.
<p>Source: C&W HEDNA (CD.14) para 11.42</p>

3.34 The HEDNA described the **M42/A446 Corridor** (in which the appeal site is located) as having “an existing concentration of B8 development in this area, which benefits from a rail terminal at Hams Hall and is proximate to a concentration of population in Birmingham including deprived areas in East Birmingham”.

- 3.35 They concluded overall that in terms of the location of industrial land supply they “*envisage a continuing focus of strategic B8 growth in the north and west of the sub-region, but with a greater potential role for South Warwickshire than seen historically*” [para 11.26, our emphasis added].
- 3.36 In summary, the HEDNA provides good support for the Proposed Development in terms of its location and characteristics. It suggests a slight geographical shift in C&W in respect of the focus of industrial development, however this is not a wholesale change or any “moratorium” simply an adjustment. There is no reason why the Proposed Development would not be consistent with the direction of travel proposed in the HEDNA.

Up to date assessment of local and regional supply and demand of sites

- 3.37 Cushman and Wakefield have conducted an up-to-date and comprehensive assessment of the demand for and supply of sites and land for Big Box developments (C&W Employment Land Study 2024, **CD.I20**). This work updates the previous employment land statement by JLL (**CD.A12**) that accompanied the planning application in 2021, with the very latest market demand and supply information.
- 3.38 The key findings from the C&W Employment Land Study are:
- The previous research highlighting the scale of demand for big box sites in the Midlands and the M42 corridor continues to hold true. Key drivers being: e-Commerce, plus reshoring of manufacturing, the automotive sector, future of food chains, the growing importance of sustainability (including decarbonisation and net zero targets).
 - The heart of big box demand is the “Golden Triangle” defined by the motorways (M42, M6, M1) and dissected by the A5 trunk road and other major roads
 - The shortage of sites in the M42 corridor remains an issue (and has worsened since the 2021 JLL study was conducted due to continued take-up and lack of new supply).
 - The study points out that, compared to the position in 2021, within Area 2/Area A “*the available land with planning certainty (allocated or consented) has..... fallen in the period 2021 – 2023 from a potential 0.95 m sqft. to 0.38 million sqft*” .The report then notes that this fall is even more acute when specific B8 logistics space are separated out. Using the pre pandemic 5-year average annual take-up data for all grades of space, the report notes that this supply **equates to less than 1 month’s land supply of available sites.**

- In respect of supply in Area A/Area 2, the report note that *“besides Peddimore, the are **no other sites along the M42 corridor which have any planning certainty.** Of the sites understood to be being promoted through various stages of the planning process (pre-submission to pre-determination) all of the sites are located within the Green Belt.”*

3.39 The evidence therefore is that there remains strong demand and need for large, well-connected sites in Area A/Area 2 of the West Midlands. There is very limited supply that is consented or available in vacant buildings. There is evidence of businesses seeking to locate in the local area (due to its attractive set of locational characteristics) being unable to do so and having to locate further north (eg Mercia Park at Junction 11 of the M42). Therefore there remains an immediate need for site capable of accommodating industrial buildings of over 100,000 sqft/10,000 sqm.

Impact of big box demand on supply of smaller sites and premises

3.40 One theme that emerges from the evidence including the 2019 Coventry and Warwickshire Sub-Regional Employment Market Signals Study, is that developing sites to meet the needs of large scale logistics demand does not help meet the need of smaller firms (SMEs) who need smaller sites and premises. This study pointed out that the development of much smaller industrial premises (i.e., below 25,000 sqft, 2,400 sqm) has not proved to be viable and so had not been developed on a speculative basis. One of the study’s recommendations is that larger developments, particularly for the more viable uses such as large B8, *“enable the development of smaller units”*¹⁸.

Conclusions

3.41 Our key conclusions are:

- 1) At national level, logistics are critical to a smooth functioning and productive economy supporting supply chains to consumers and to businesses. The impact of the Covid-19 was to accelerate existing drivers of demand and need for large scale logistics. These drivers are still very much in place.
- 2) There is strong evidence of high demand/need for large scale logistics space both nationally and regionally from take up and vacancy rates. Although demand has dropped back from the peak of 2020 to 2022, it still remains at or above pre-Covid levels.

¹⁸ Para 8.42, “Coventry and Warwickshire Sub-Regional Employment Market Signals Study”, BBP Regeneration for C&W LEP, July 2019 (CD.I5)

- 3) There is no evidence of a trend reduction in scale of demand and need for large scale logistics space. The reduction in take-up in 2023 was a response to the high levels in previous years and a degree of return to normality.
- 4) The key locational drivers for large scale logistics are: central location in the UK (for NDCs) to relevant customer/supplier base; excellent highways access; and large sites to accommodate larger sheds.
- 5) Other important factors are access to rail freight connectivity, good power supply, lack of site constraints on operations (eg adjacency to housing).
- 6) There is strong evidence of there being need for a certain type of employment land - large well connected sites suitable for “big box” logistics.
- 7) The WMSESS 2021 re-iterated the importance of 25 hectare plus sites “*which could attract nationally or internationally mobile business activity*” and emphasises the severe shortage of these.
- 8) The most recent evidence continues to identify the acute shortage of suitable sites in the M42 corridor suitable for large scale logistics, with previous applications or approvals (such as Tamworth Logistics Park and Core 42) all developed out.
- 9) Despite the consistent evidence/research being produced about regional need for strategic employment sites, there is continued evidence of the slow pace of the identification of sites for development through the Local Plan process across the region. It is likely that the effect of the removal of the previous tier of regional planning guidance has been significant in reducing the necessary mechanism for a collective, strategic approach to meeting such needs.
- 10) There is therefore strong evidence of the need (in the M42 Corridor) being immediate.
- 11) Finally, it is worth noting that the impact of very strong big box demand is to limit the supply of sites for other uses and for SMEs.

4. Economic context for the development

National economic context

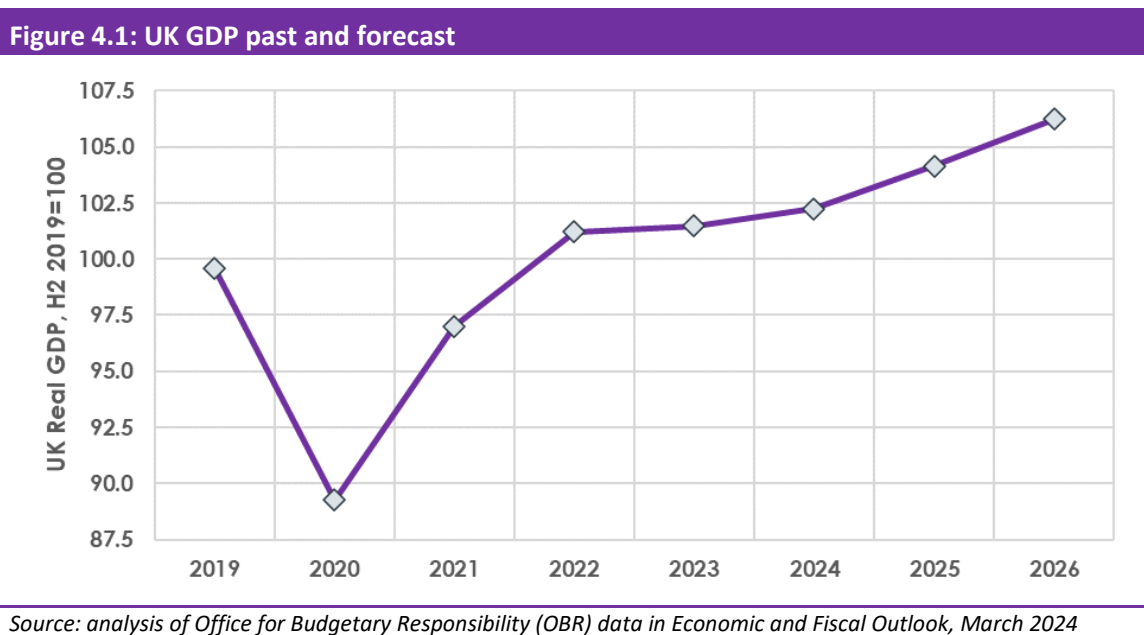
- 4.1 When the previous employment land needs statement was produced in November 2021 (**CD. A13**), the then national economic context was very different. The economy was still being impacted by Covid-19, but was starting to recover. There were further Covid-related restrictions in late 2021/early 2022. Since the planning application was submitted, the UK economy and particularly labour market started to bounce back during later 2021 and into early 2022.
- 4.2 However, the Ukraine War started in February 2022 leading to the severe energy cost crises globally and in the UK. Since then, the UK economy has experience strong inflationary pressure but in output and productivity terms has largely stagnated. The economy entered a so-called technical recession in the latter half of 2023 (two quarters of negative economic growth). This recession was driven by a combination of the cost of living crisis and reductions in real levels of take home pay and household incomes plus higher interest rates. The latest average of forecasts is that the UK's economy will grow by just 0.4% in 2024 and then 1.3% in 2025¹⁹.
- 4.3 At a national level and across most parts of the economy (geographically and sectorally) we have experienced a **tight labour market** as labour demand has risen post-Covid, whilst the labour supply has fallen compared to pre-Covid levels. There are far fewer workers for every reported vacancy and relatively low rates of unemployment than in 2019. Recruitment difficulties are common across many sectors and most parts of the UK. In part this has been caused by a contraction of the labour force due a range of factors, including the impacts of Covid on illness and sickness levels.
- 4.4 There are signs that, as a result of the Bank of England's very tight monetary policy and increases in interest rates (its anti-inflationary "economic medicine"), the economy and labour market has responded. At a UK level, unemployment is expected to rise slightly during 2024 and 2025. The latest ONS data released in April 2024²⁰ indicated that unemployment rates are already nudging up, levels of vacancies are falling and the ratio of unemployed to vacancies is rising. Furthermore, the Bank of England's most recent economic forecasts²¹ indicate that the unemployment rate will rise to 4.6% in 2025, increase further to 4.8% in 2026 and remain at that level into 2027.

¹⁹ Forecasts for the UK economy: a comparison of independent forecasts, HM Treasury, April 2024

²⁰ Labour market overview, UK: April 2024, ONS **CD.I62**

²¹ Bank of England, Monetary Policy Report, Monetary Policy Committee, May 2024 **CD.I71**

- 4.5 In short, there are signs that the current very tight labour market conditions may start to reduce over the coming months and years. This is what we as economists we would expect to see after the recent period of very tight monetary policy.
- 4.6 As well as concerns about economic growth and incomes in the short term, economists and policy makers have serious concerns about **UK productivity levels** relative to our main international competitors and the very slow rates of growth in productivity since 2010. In this context we note that an efficient logistics sector supporting high-value, advanced manufacturing and other sectors of the economy is an important source of future productivity growth.



Location of the development and economic linkages

- 4.7 The geographic position of the development is important in considering the economic impacts and benefits. As explained in the November 2021 Land Needs Statement (**CD.A13**), in functional economic and labour market terms, the site is linked closely to **Tamworth** as well as the rest of North Warwickshire local authority area.
- 4.8 North Warwickshire was, in 2011, the **most important location for jobs for residents of Tamworth apart from the Tamworth itself**. The 4,900 residents of Tamworth who commuted to North Warwickshire for work in 2011 represented 14.8% of the 33,000 residents in work and 25% of those in work who commute out of the district (the next largest destination was Birmingham with 4,700 out commuters). The 2021 Census data on TTWA patterns has to some degree been distorted by

Covid²², however the broad patterns will not have changed (see table 4.1). of those in work in 2021, 4,800 or 13% worked in North Warwickshire, or 20% of those not recorded as working at or from home and North Warwickshire accounted for nearly a third of all residents in Tamworth working outside the district.

Table 4.1: Travel to work patterns 2021, residents of Tamworth in work				
Location	000s	% of all in work	% of those not working at or from home	% working outside Tamworth
All residents in work	38.15	100.0%		
Working from home	13.43	35.2%		
Working elsewhere:	24.71	64.8%	100.0%	
In Tamworth	9.42	24.7%	38.1%	
All outside Tamworth	15.30	40.1%	61.9%	
North Warwickshire	4.82	12.6%	19.5%	31.5%
Birmingham	2.86	7.5%	11.6%	18.7%
Lichfield	2.42	6.3%	9.8%	15.8%
Solihull	0.90	2.4%	3.6%	5.9%
East Staffordshire	0.67	1.8%	2.7%	4.4%
North West Leicestershire	0.32	0.8%	1.3%	2.1%
Coventry	0.32	0.8%	1.3%	2.1%
Walsall	0.31	0.8%	1.3%	2.0%
Nuneaton and Bedworth	0.30	0.8%	1.2%	2.0%
Source: 2021 Census Origins and Destination Data, Workplace analysis, accessed via Nomis				

4.9 We have carried the same exercise out for residents of North Warwickshire and this is set out in Table 4.2. The key points are:

- In the case of residents of North Warwickshire in 2021 62% worked from home or elsewhere in the borough
- Of those not working from home 35% worked elsewhere in the borough, but the majority worked outside the NWBC area
- The primary location of work sites outside NWBC itself was Birmingham, then Nuneaton and Bedworth and only thirdly Tamworth.

²² As many people were furloughed when the Census took place and more people would have been working from home than usual

4.10 As can be seen in comparing Tables 4.1 and 4.2, far more residents of Tamworth work in North Warwickshire (4,800) than commute into Tamworth from the NWBC area (1,600). The number of residents of Tamworth working in North Warwickshire was in fact equal to over 70% of residents in North Warwickshire working at a place of work in the NWBC other than their home (6,700). The data therefore confirms that the NWBC area is a **crucial employment location** for Tamworth.

Location	000s	% of all in work	% of those not working at or from home	% working outside NWBC
All residents in work	31.76	100.0%		
Working from home	13.07	41.1%		
Working elsewhere:	18.69	58.9%	100.0%	
Inside North Warwickshire	6.67	21.0%	35.7%	
Outside NWBC area	12.02	37.8%	64.3%	
Birmingham	2.41	7.6%	12.9%	20.0%
Nuneaton and Bedworth	1.73	5.4%	9.2%	14.4%
Tamworth	1.63	5.1%	8.7%	13.6%
Solihull	1.38	4.3%	7.4%	11.5%
Coventry	1.15	3.6%	6.1%	9.6%
Hinckley and Bosworth	0.56	1.8%	3.0%	4.7%
Lichfield	0.44	1.4%	2.3%	3.7%
Warwick	0.39	1.2%	2.1%	3.3%
Rugby	0.36	1.1%	1.9%	3.0%

Source: 2021 Census Origins and Destination Data, Workplace analysis, accessed via Nomis

4.11 The ONS prepares an analysis of travel to work areas (TTWAs) which are relatively self-contained areas based on people’s commuting patterns. The current travel to work areas are based on an analysis of the 2011 Census. The NWBC area is split between parts of the larger Birmingham TTWA (that includes Tamworth) and Coventry TTWA (that includes Atherstone and Coleshill) and even parts of Burton TTWA (in the north) (see Figures 4.10 and 4.111 at the addendum at the end of this section). The key point is that using economic data alone for North Warwickshire relating to people or jobs is potentially misleading as North Warwickshire NWBC is part of several TTWAs and is most definitely not its own functional economic area.

4.12 PPG provides some specific policy guidance in relation to logistics. It highlights its importance: *“The logistics industry plays a critical role in enabling an efficient, sustainable and effective supply of goods for consumers and businesses, as well as contributing to local employment opportunities”*. It also notes that it *“has distinct locational requirements that need to be considered in formulating planning policies (separately from those relating to general industrial land)”*.

- 4.13 It identifies that *“strategic [logistics] facilities serving national or regional markets are likely to require significant amounts of land, good access to strategic transport networks, sufficient power capacity and access to appropriately skilled local labour. Where a need for such facilities may exist, strategic policy-making authorities should collaborate with other authorities, infrastructure providers and other interests to identify the scale of need across the relevant market areas”*²³.
- 4.14 The importance of considering regional need is therefore clear from PPG and that this should take place across the *“relevant market area”*. More generally PPG makes it clear that needs should be assessed across *“functional economic market areas”* which it notes (as is the case for North Warwickshire) can *“overlap several administrative areas”* so *“strategic policy-making authorities may have to carry out assessments of need on a cross-boundary basis with neighbouring authorities within their functional economic market area”*²⁴.
- 4.15 This is certainly the case for North Warwickshire as it is not a functional economic market area on its own, but rather sits in a crucial location in the wider West Midlands market area..

Local economic context

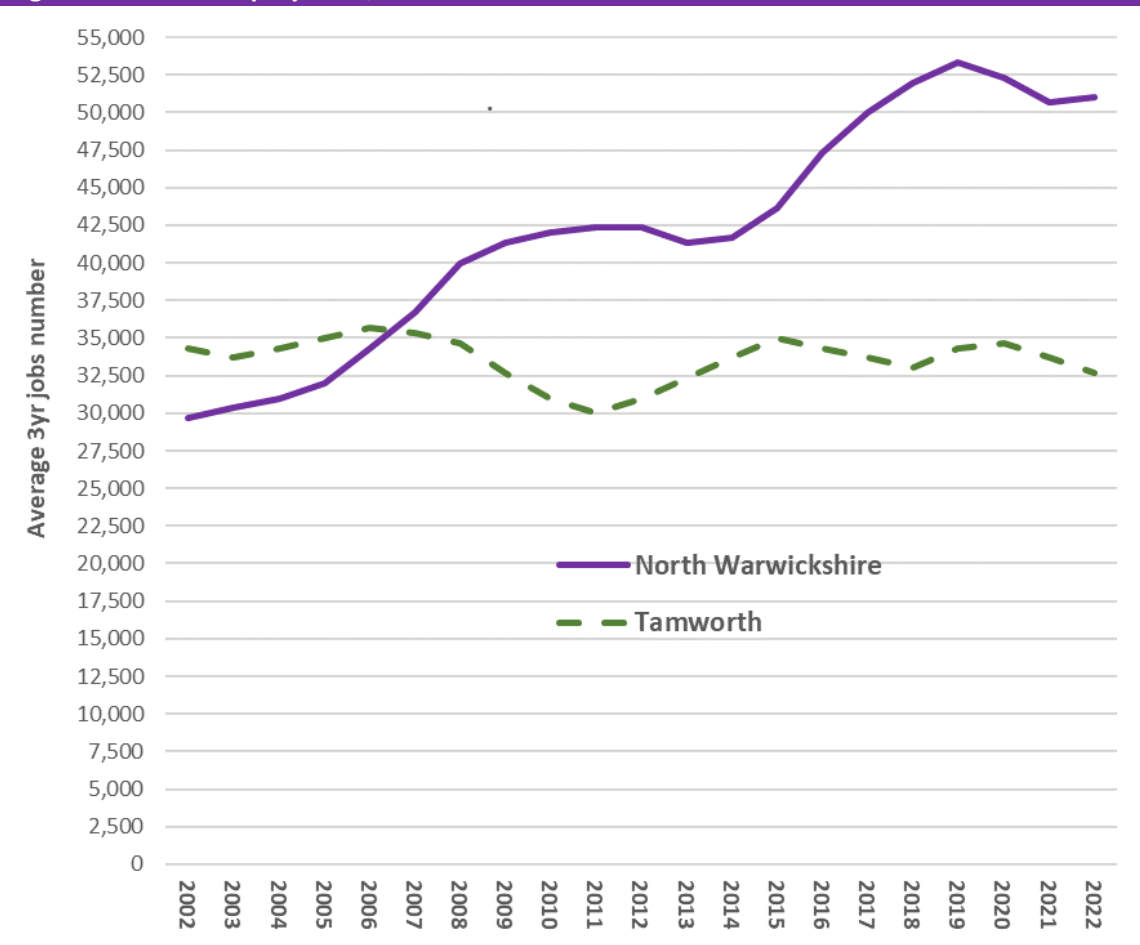
Employment change

- 4.16 Figure 4.2 shows that path of total employment (self-employed and employees) over the last two decades. The clear picture is of a steady rise in North Warwickshire until 2019 and, in the case, of Tamworth effectively no or very limited net growth in employment over this period. Since the pre Covid period (2018 or 2019) employment has fallen slightly/largely remained static in both North Warwickshire and Tamworth.

²³ PPG Paragraph: 031 Reference ID: 2a-031-20190722, Revision date: 22 07 2019

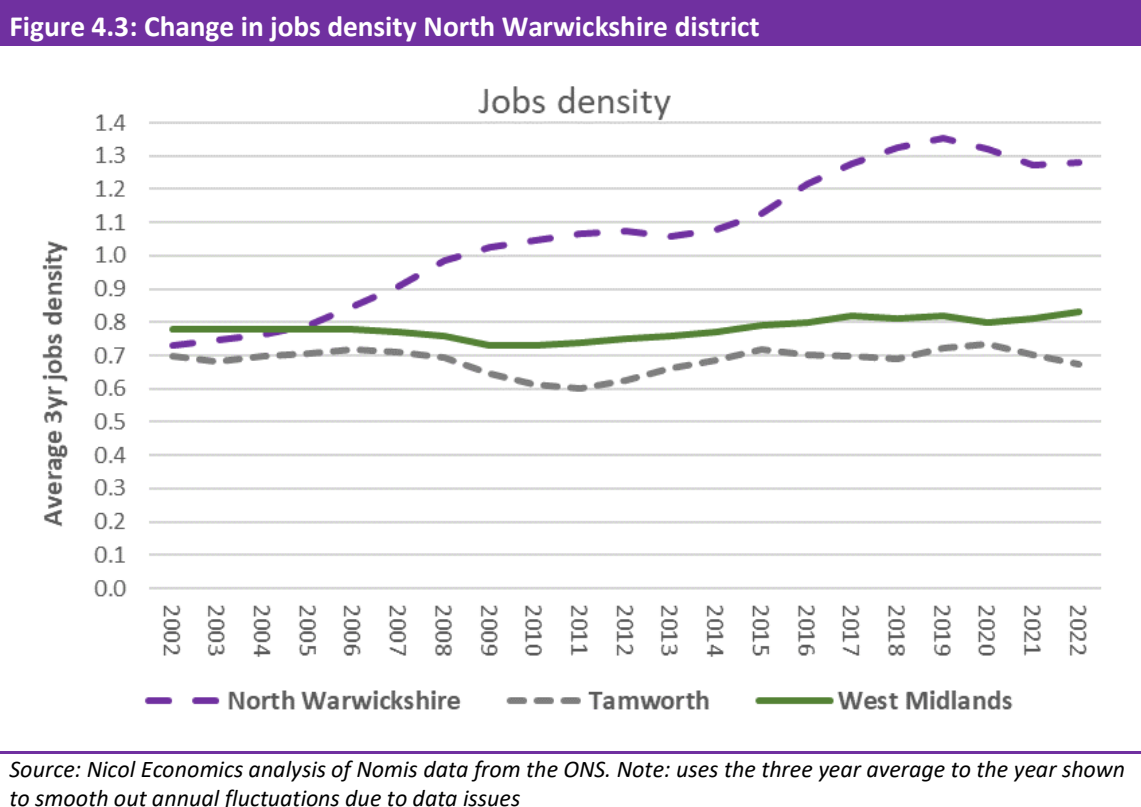
²⁴ PPG Paragraph: 025 Reference ID: 2a-025-20190220, Revision date: 20 02 2019

Figure 4.2: Total employment, 2002 to 2022



Source: Nicol Economics analysis of ONS data from Nomis used to assess jobs density. Records employees in employment and estimates of the self-employed. Note: uses the three year average to the year shown to smooth out annual fluctuations due to data issues

4.17 The ONS use a concept of **jobs density**. This is the ratio of total jobs (estimated employees and self-employed) to the estimated population aged 16-64. During the period up to 2019 the jobs density in North Warwickshire had grown steadily. In other words the number of jobs located within North Warwickshire itself had risen compared to the population of working age living there. However since 2019 this ratio has **fallen** in North Warwickshire as the working age population living there has remained roughly the same but the number of jobs located in the area has dropped back.

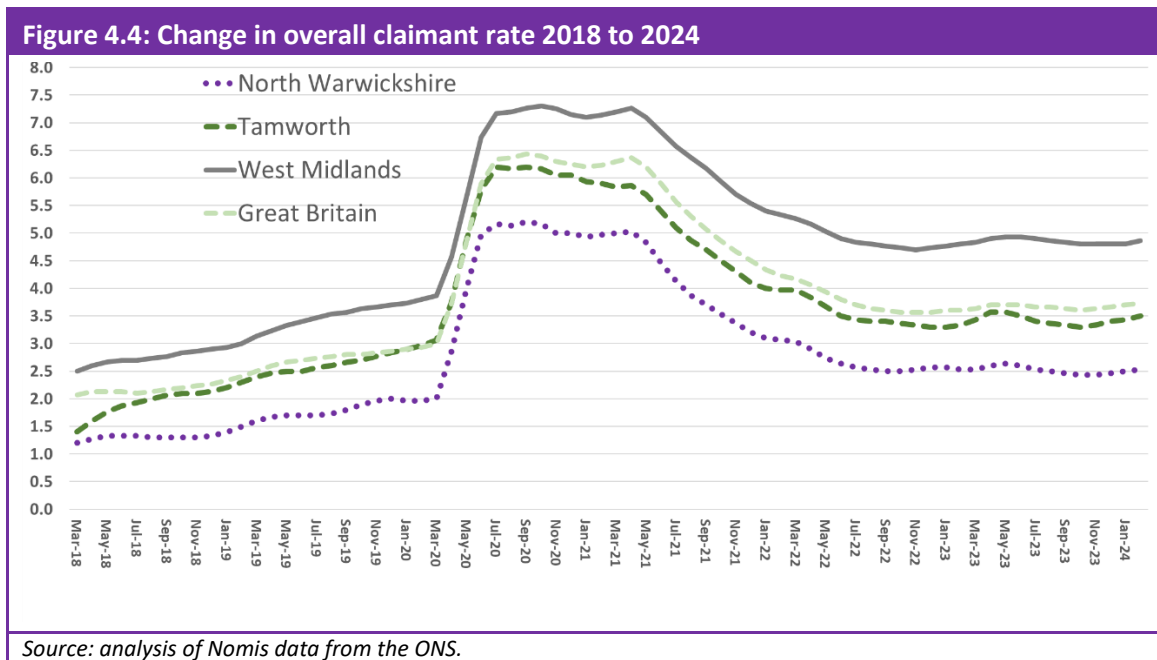


Measures of need – unemployment and economic inactivity

- 4.18 There are different measure of unemployment that are used to record the rate of people seeking work as a % of all “economically active”. The most dependable and widely used measure is the ILO defined rate. However, this data is only available as estimates at a national and regional levels, not for local authority or smaller areas. The ONS produces estimates of local area unemployment based on the claimant rates (% of those claiming work related benefits as a % of all aged 16 to 64). This is a far from perfect measure but the best we have got that provides an up-to-date view of unemployment - it is indicative of recent trends and the best data available.
- 4.19 The claimant rate (those claiming work related benefits as a % of all aged 16 to 64) has followed the national and reginal path in both North Warwickshire and Tamworth rising during Covid and falling subsequently, but **not back to pre-pandemic levels**. As of February 2024, there were 2,800 adults claiming work related benefits in North Warwickshire and Tamworth combined (1,000 and 1,700 respectively²⁵).

²⁵ Totals do not sum due to rounding

4.20 If the rate were the same in Tamworth as in North Warwickshire (2.6% compared to 3.6%) there would be around **500 fewer job related claimant in Tamworth**. If the rates in both places fell to 1.0% (pre-Covid record lows in North Warwickshire), then the fall in “surplus” unemployed would be around **600 in North Warwickshire and 1,300 in Tamworth or around 1,900 in total**.

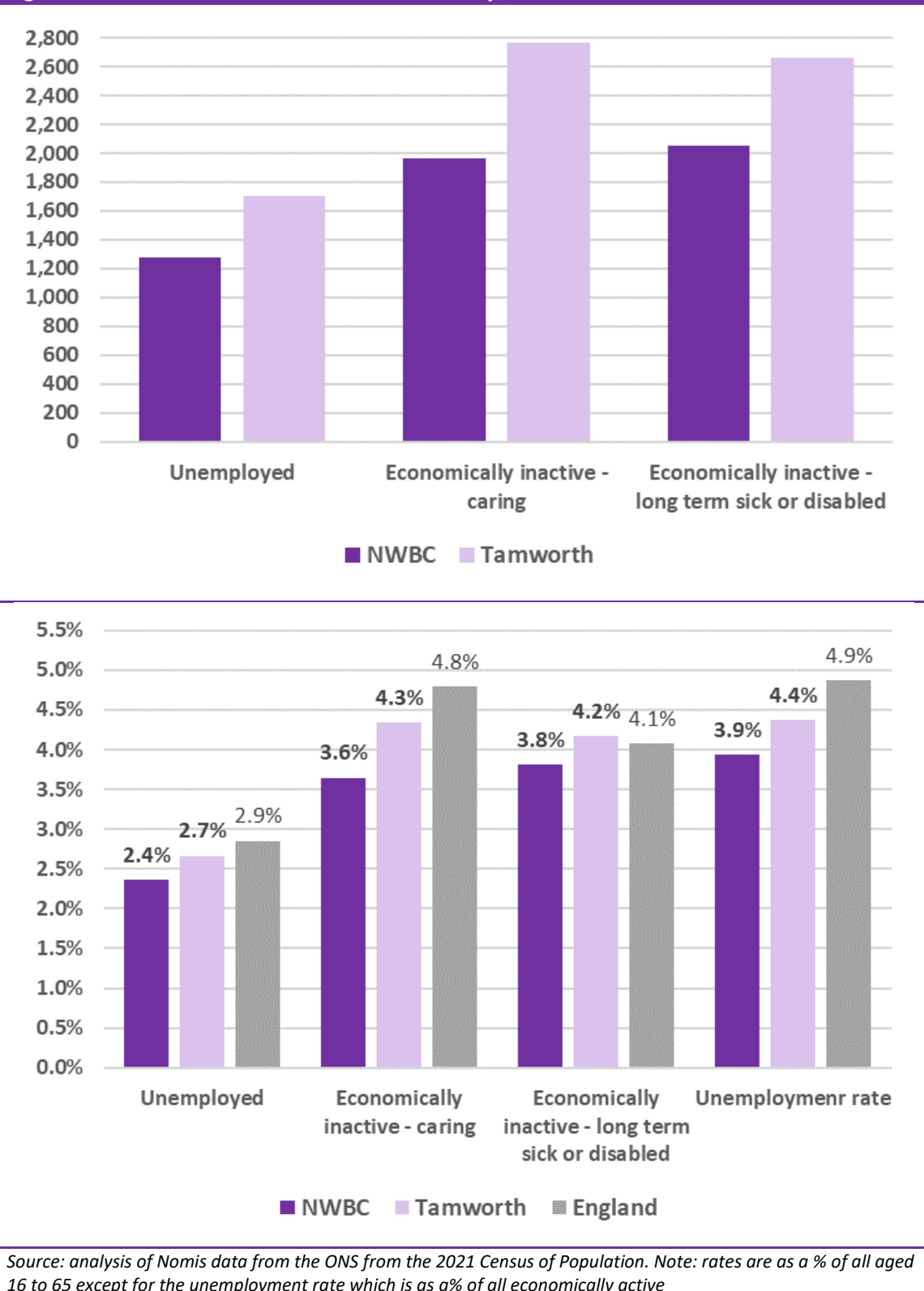


4.21 Unemployment is one measure of the potential labour pool another important measure in **economic inactivity** (those of working age not in work or officially seeking work). Economists are aware that economic inactivity can include people who are “discouraged” from the labour market (due to a lack of skills, lack of suitable jobs or a lack of readily accessible jobs). There is limited robust data on levels of economic inactivity in the local area, with the 2021 Census being the most reliable data we have (see Figure 4.6). This suggests that reported rates of inactivity were slightly below the England average except for those longer term sick in Tamworth. The data also shows that the number of people who are economically inactive as they are caring or ill is considerably larger than those who are unemployed.

4.22 There are several areas close to the appeal site that have proportions of residents who are inactive due to sickness or disability. In Tamworth, Glascote Heath (7.9% of those aged 16 and over were economically inactive due to long-term sickness or disability) and Central Tamworth (6.5%). In Tamworth there were around 500 and North Warwickshire 300 people, or 800 “extra”²⁶ residents who were recorded as inactive on grounds of being sick or disabled. This is indicative of the **potential scope** to help some of this group access employment with the right training and support.

²⁶ Compared to the all-England rate of 3.8% in 20221

Figure 4.5: Levels and rates of economic inactivity, 2021 Census



The role of transport and logistics jobs

- 4.23 Transport and logistics (and wholesaling) are important parts of the local economy accounting for about 15% of all jobs in North Warwickshire and 8% in Tamworth (well above the regional and England rates of 6% and 5% respectively). The employment data varies and is subject to error nevertheless the picture is of continued jobs growth in the transportation and storage sector in NWBC but not in Tamworth.
- 4.24 The 2021 Census provides information on the sector of the economy of resident in work this showed that 6,450 residents of North Warwickshire and Tamworth together worked in Transport and Storage, this is about 70% of recorded jobs in that sector in 2021 in both areas. The implication is that on average for every 100 jobs in the sector around 70 are taken by residents of the two local area²⁷. In both case the proportion of residents working in this sector at 9% was well above the regional rate of 6% and England rate of 5%. This emphasises the importance of the sector in providing jobs for local residents.

Role of automotive in the local economy

- 4.25 The automotive sector in a direct and indirect way is very important to the local economies. Across Tamworth and the NWBC areas combined, in 2021 8,200 residents worked in the manufacturing sector. At 12% of all those in work, manufacturing's share of jobs was well above the West Midlands rate (10%) and the England rate (7%). Many of these resident will be working in jobs in or linked to the automotive sector.
- 4.26 In key employment locations in the NWBC area (Hams Hall and Birch Coppice) there are many large firms linked to the automotive sector including:
- **Hams Hall:** BMW's engine plant (that powers BMWs and Minis produced in the UK and exported to BMW plants abroad); Logistics giant DHL has a major location at Hams Hall, serving their automotive supply chain subsidiaries; and Plastic Omnium is a leading automotive supplier with three facilities at Hams Hall.
 - **Birch Coppice:** Euro Car Parts a leading distributor of parts for all makes of cars and light commercial vehicles; the national parts distribution centre of Volkswagen; MOBIS Parts Europe - Hyundai's sister company has a purpose built facility at Birch Coppice, which stores the most comprehensive range of Hyundai and Kia Parts in the UK; Dräxlmaier a just in time

²⁷ Although there may be travel to work flows of residents to take jobs in the sector outside the local areas

automotive supplier providing interior systems, wiring harness, electrical management systems and plastic components; and LQ Coatings – a large paint and body shop.

- 4.27 These firms are a mixture of manufacturing and distribution centres for the automotive sector.

Local economic vulnerability

- 4.28 The trend in automation discussed previously also brings with it the prospect of substantial **job and employment changes**, including some job losses in certain existing sectors, occupations and geographies. A 2018 Localis report²⁸ also highlighted the importance of automation trends and the potential risk to employment by sector and geography. It made specific reference to North Warwickshire. Noting that:

“The places where automation should cause most concern to people and policymakers are predominantly in the Midlands. They are places, such as Corby and North Warwickshire, where there is a high proportion of people working in the industries at highest-risk of automation. If a ‘big bang’ moment occurs as expected, where a large proportion of jobs in these industries are automated in a short amount of time – what we have termed cliff-edge automation – these are the places whose local economies and workforce will be worst impacted by impending automation” (summary on page 2).

- 4.29 The report calculated that in North Warwickshire, overall, 31% of jobs (around 14,000) were “at-risk of cliff edge automation” and 39% or 17,000 jobs were at risk of “total automation”, respectively the second and highest shares of any local authority areas. Tamworth also features in one of the top 10 areas at risk of “cliff-edge” automation (25% or around 7,000 jobs at risk). This report is now six years old and there is no evidence of the “cliff edge” it refers to (which we consider rather over dramatic language) occurring in respect of logistics or manufacturing or indeed about to occur. However, as we note later, there has been a downward trend in employment densities in the warehousing sector as a result of larger scale and more efficient warehouses being built and increased level of automation and other technology utilisation within them.

²⁸ “The automation impact, which, when and where?”, Localis, April 2018 (CD.I58)

- 4.30 More generally across large swathes of occupations and sectors there is expected to be job disruption due to technology, not least the impact of Artificial Intelligence (AI). In this sense, more recent developments suggests that the local area may be no more vulnerable than other local economies across the region (for instance areas with call centres or back of office financial centres, such as the centre of Birmingham)). The impact of technology is, increasingly, seen as much impacting on traditional ‘white collar’ jobs as on ‘blue collar’ jobs.
- 4.31 A recent report by the Midlands Engine on “megatrends”²⁹ identified that Tamworth was the most vulnerable local authority area across the Midlands to Megatrend 1 (“technology and digitisation”). These are just some indicators of the large degree of economic turbulence that lies ahead and that in effect local economies need to continue to move ahead and find new sources of jobs and economic activity to ensure their economic future.

Local Need - levels of deprivation

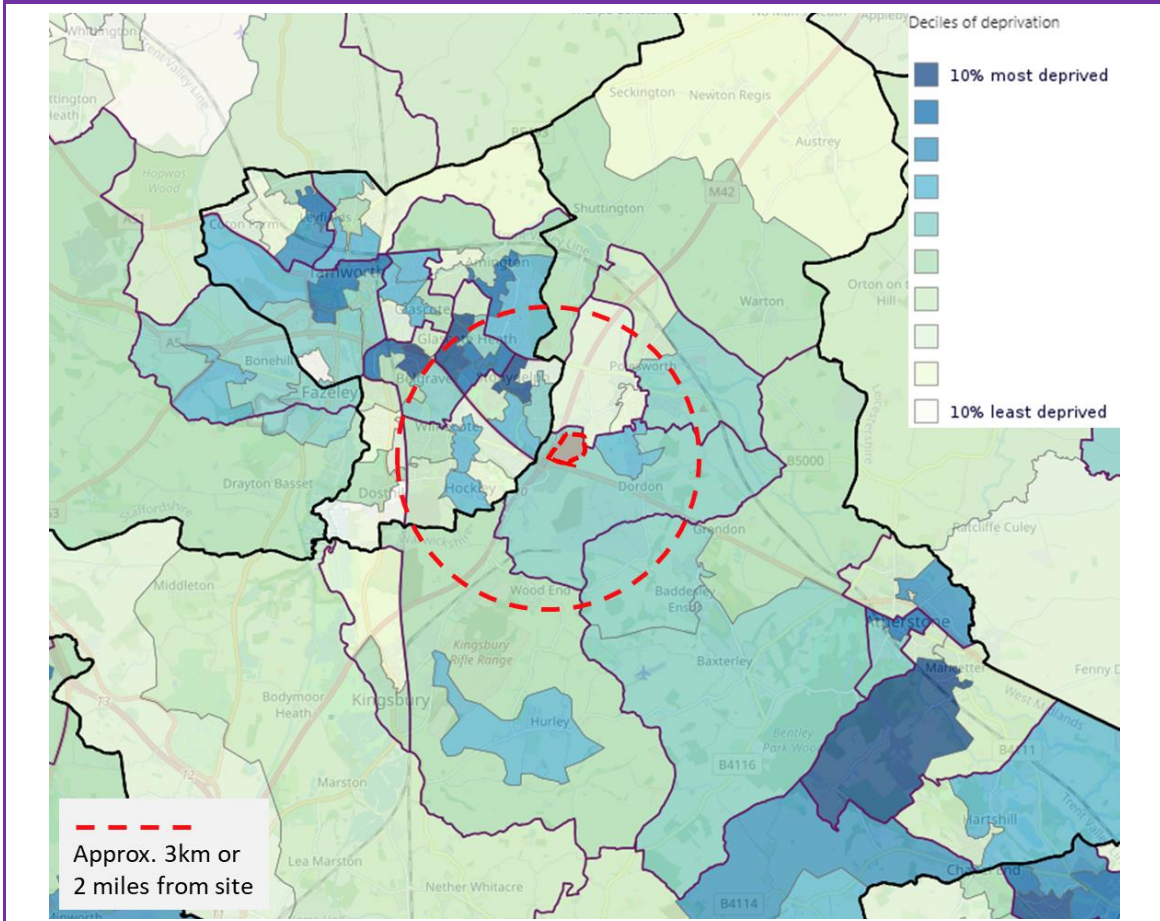
- 4.32 North Warwickshire and Tamworth are middle ranking areas in terms of the overall levels of deprivation as measured by the Index of Multiple Deprivation (or IMD) see Table 4.4.

Table 4.4: Index of Multiple Deprivation, 2019 (rank out of 317 areas in England)					
Local Authority	Rank of average score	Proportion of LSOAs in most deprived 10%	Rank of proportion of LSOAs in most deprived 10%	Rank of extent	Rank of local concentration
Tamworth	126	7.8%	98	126	113
North Warwickshire	167	2.6%	152	189	182

- 4.33 However, there are significant pockets of deprivation within **close vicinity** of the site. In Tamworth in particular, there are a number of some of the most deprived neighbourhood areas in the country. There are four lower super output areas (LSOAs) within or just on the edge of 3 km (2 miles) of the appeal site that are in the bottom 10% nationally and a further three which are in the bottom 20% nationally (see Figure 4.6). This includes the communities of Belgrave, Glascote and Stonydelph, who were identified as key regeneration priorities in Tamworth’s earlier 2013 Growth and Regeneration Plan. These areas are identified within the Revised Transport Assessment as being accessible to the appeal site. (Appendix G, **CD.B25**) The main areas of deprivation in North Warwickshire are somewhat further afield closer to Atherstone.

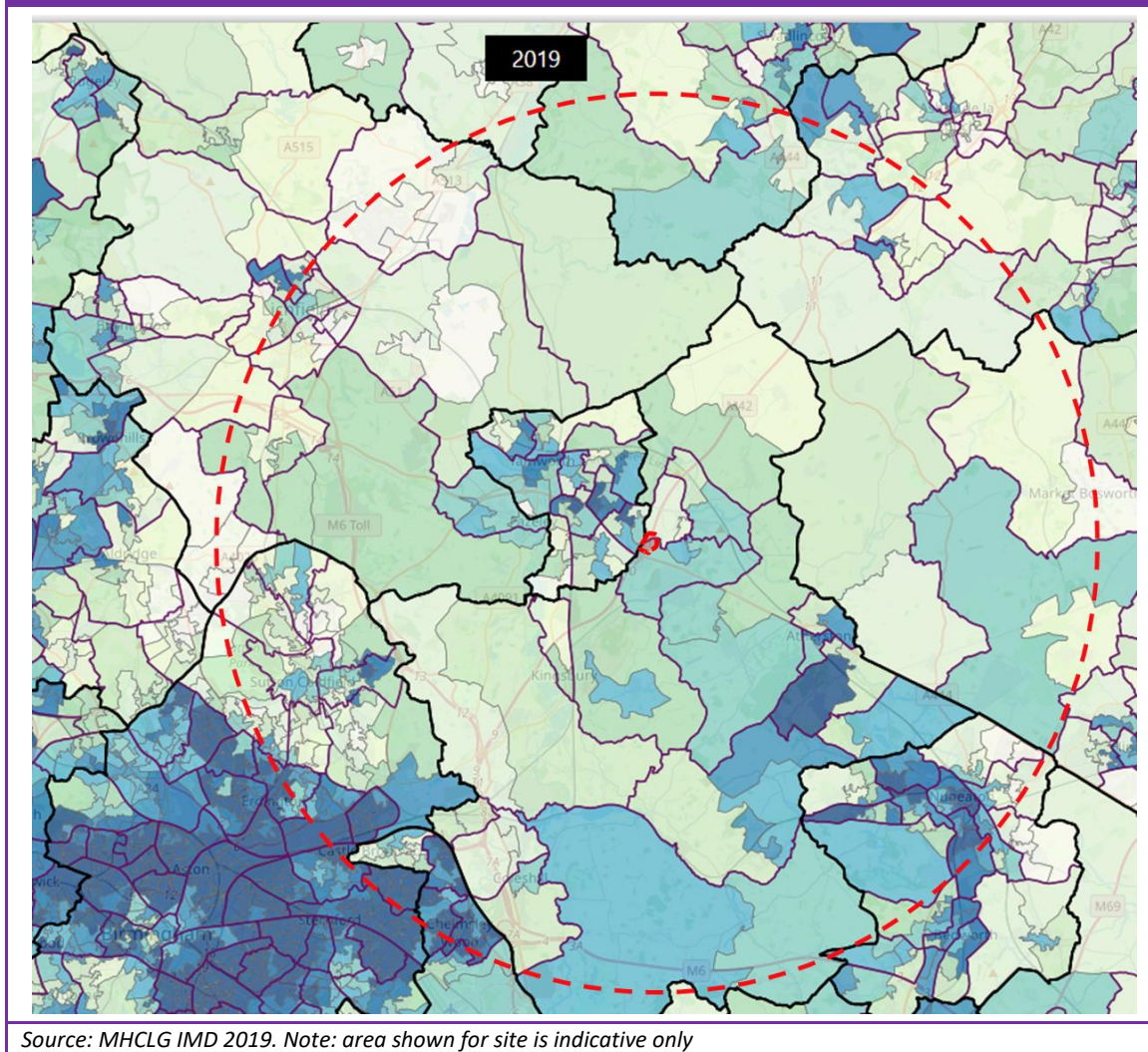
²⁹ “Megatrends in the Midlands”, Midlands Engine, November 2023 (CD.I59)

Figure 4.6: Location of appeal site in relation to local areas of deprivation



Source: MHCLG IMD 2019. Note: area shown for site is indicative only

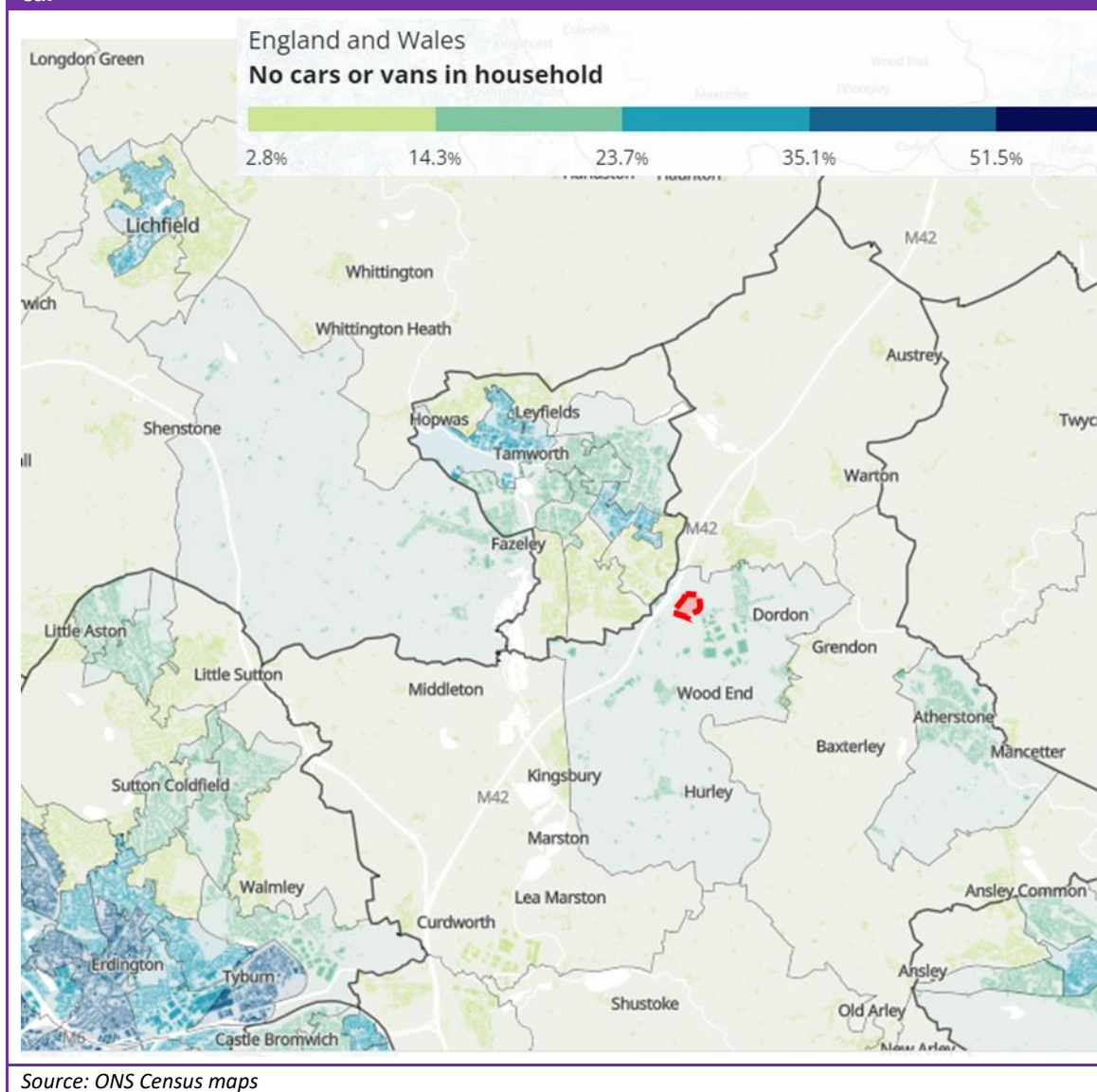
Figure 4.7: Location of Proposed Development site in relation to local areas of deprivation, 10 mile radius



4.34 The 2021 Census has detailed information at a local level on key variables including households with access to a car. Overall, 18.3% of households in Tamworth had no access to a car compared to 13.5% in North Warwickshire³⁰. However, there are areas – also the areas of greatest deprivation – where higher proportions of households have no access to a car (see Figure 4.9). In Tamworth 30% of households in Glascote Heath and 35% in Central Tamworth MSOAs do not have access to a car, in North Warwickshire the highest proportion is in Atherstone (22%). In the area around the appeal site in North Warwickshire the average is 15%.

³⁰ The average for England is 22% and the West Midlands 24%

Figure 4.9: Location of Proposed Development site in relation to local areas of by access to car



Conclusions

4.35 The key points we draw from this analysis are:

National

- 1) The UK economy is struggling currently and is suffering from low productivity growth, persistent inflation and sluggish economic growth. During 2023 the economy, in effect, flatlined and prospects this year and next year are not promising. In this context, economic boosts, especially those that are productivity enhancing, are to be welcomed.

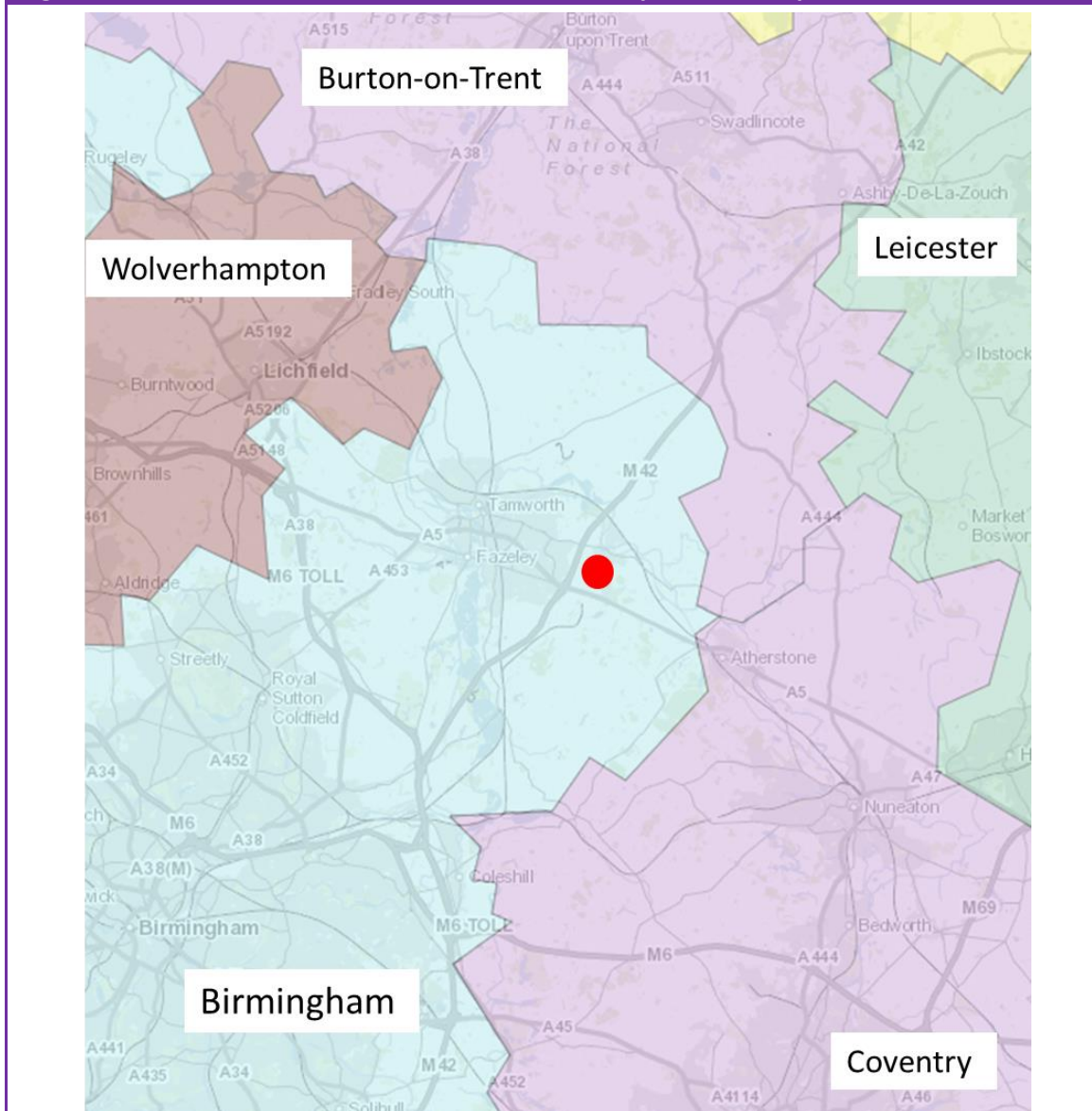
- 2) In spite of the sluggish growth, across the UK in most occupations, sectors and geographies there are tight labour market conditions. In part this has been caused by an overall contraction in labour supply since Covid. There are, however, signs the labour market is “loosening” (ie unemployment rates are rising, unfilled vacancies are falling and the ratio of unemployed to vacancies is rising). This is in part because the Bank of England’s anti-inflation “economic medicine” of higher interest rates is working.

Local

- 3) The NWBC area and Tamworth are linked very closely in economic and labour market terms. Jobs in NWBC are particularly important for residents of Tamworth.
- 4) There has been strong growth in jobs in NWBC, but not Tamworth, and there is some evidence of this growth tailing off recently.
- 5) The automotive sector, manufacturing generally and transport and logistics are important employers in the NWBC area and in Tamworth.
- 6) As noted earlier in Section 3 the NWBC and Tamworth areas may be vulnerable to the risks of automation and economic change (although this is now an issue that is more widespread across sectors, occupations and geographies than was assumed 5 or 6 years ago)
- 7) In both areas there are, currently, relatively low unemployment rates on the best available measures, but they remain higher than the pre-Covid period and there is still significant element of economically inactive who may be discouraged workers. An analysis of the current unemployment data suggests that there could be significant numbers of unemployed in excess of pre-Covid rates (of around 600 in North Warwickshire, 1,300 in Tamworth or around 1,900 in total).
- 8) There are significant areas of deprivation in Tamworth in particular and also areas where few people have access to cars.

Travel to work area maps – section addendum

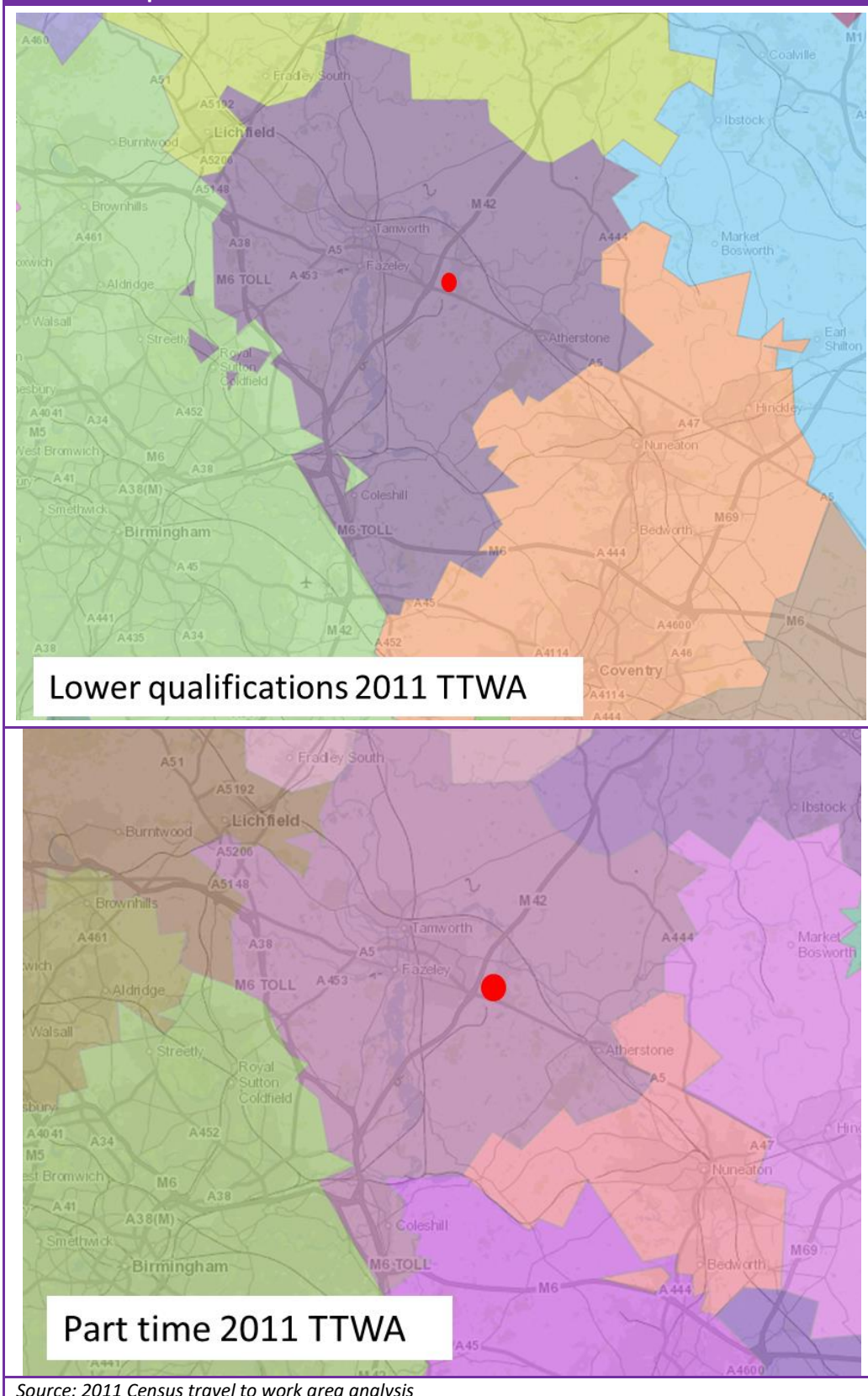
Figure 4.10: Main travel to work areas around the Proposed Development



Source: 2011 Census travel to work area analysis. Red blob is indicative location of the development

- 4.36 Different TTWAs operate for different labour market groups (whether male, female, full or part time and level of qualification), some are more localised other are more stretched. However, all show close links from the west of NWBC area to Tamworth.

Figure 4.11: Travel to work areas around the Proposed Development for part time and for low qualification staff



5. Economic policy context for the development

National level

- 5.1 The importance of economic growth highlighted in recent government statement and documents:
- In 2021 the government published a **Plan for Growth**. This emphasised the importance of **levelling up** stating. *“the UK government’s most important mission is to unite and level up the country, improving everyday life for communities throughout the UK and ensuring everyone can succeed regardless of where they live”*
 - The recent **Autumn Statements and Budgets** (November 2022, March 2023, November 2023 and March 2024)) from HM Treasury emphasise the importance of boosting UK economic growth rates.
- 5.2 In January 2022, the government published the **Levelling Up** White Paper (LUWP). This document that sets out how the government aims to spread opportunity more equally across the UK, building on the Plan for Growth. The LUWP has 12 “Missions” that identify where change is sought, with medium-term targets set for 2030.
- 5.3 The LUWP sets out strong ambition for change and represents a policy or set of policies that cut across most areas of government. The LUWP has a key theme of seeking to “boost productivity, pay, jobs and living standards by **growing the private sector**, especially in those places where they are lagging”. Although in many respects the policy has had limited actual practical traction it remains government policy and is broadly supported by opposition parties as well.
- 5.4 It is worthy of note that neither NWBC or Tamworth have been successful recipients of central government support for the earlier Towns Deal fund or the more recent Levelling Up Fund (the main flagship policy to deliver levelling up). This position regarding attraction of additional public funding makes the delivery of private sector investment all the more important to the local economies.

Regional/Sub-Regional Policies and evidence

West Midlands

- 5.5 There is no current policy framework or economic strategy at a West Midlands regional level³¹. The findings from the various studies on need were summarised previously in section 4 of this proof and are covered in more detail in the updated Employment Land Study (CD.I20).

Coventry and Warwickshire

- 5.6 The Coventry and Warwickshire Local Enterprise Partnership (CWLEP) published a “reset framework”³² in May 2021. It describes one of the five sectors that demonstrated “strength and heritage in [the C&W] economy” as being “**logistics and e-commerce – vital to our supply chain**”
- 5.7 The report states as one of the “reset” principles “*priorities will be recalibrated to deliver on these strengths and business need - for capital infrastructure (e.g. to secure our energy supply), employment land (e.g. new development sites)*”.
- 5.8 Warwickshire County Council has just published a **Strategic Economic Plan** for Warwickshire³³ that sets out plans for three pillars of growth:
- **Ambitious** growth, an economy that is fit for the future
 - **Inclusive** growth, which will grow and create jobs for all of the county’s communities
 - **Sustainable** growth, which will be sustainable and contribute to the county’s net zero carbon emission targets.
- 5.9 Ambitious growth is described as: “*Warwickshire aims to position itself as a dynamic and resilient economy, one that is vibrant and ambitious. Fostering prosperity, building on current sector strengths and supporting emerging sectors*”.
- 5.10 In respect of achieving this objective, the Plan makes the obvious point than one key action is to: “*ensure the county’s infrastructure and connectivity support new investment and local businesses to reach their full potential*”. The Plan explains that this needs to include a particular focus on: “*ensuring the supply of appropriate employment land and premises, in the right locations, with the right connectivity to support the growth of the economy*” (as well as a focus on transport, digital

³¹ There is the Midlands Engine which is a pan-regional partnership covering the East Midlands and West Midlands that produced the now rather dated Midlands Engine Strategy in 2017

³² Coventry and Warwickshire Local Enterprise Partnership [Strategic Reset Framework](#), May 2021, CD. I19

³³ Economic Growth Strategy for Warwickshire, 2024 –2034, Warwickshire County Council, April 2024, CD.I16 and I.17

connectivity and power) (CD.I17, page 13). It is somewhat ironic that this is highlighted as an objective given the singular failure of the development plan system across the sub-region to provide for strategic employment sites – but instead to defer them to future and uncertain reviews.

- 5.11 The West Midlands and Warwickshire Local Skills and Improvement Plan (LSIP)³⁴, published in May 2023, was developed by Coventry & Warwickshire Chamber of Commerce. The objective of the LSIP is to draw on the views of employers operating within the sub-region, alongside other evidence, to understand the skills, capabilities or expertise required to support business growth and development into the future, and the actions relevant providers can take regarding post-16 technical education or training to address requirements.
- 5.12 The LSIP states that Logistics and Distribution is a ‘priority growth cluster’ for the sub-region and identifies a number of priorities regarding future skills and training needs to support sector growth and improve productivity. New investment in physical facilities that increase skills development for the sector is seen a priority, alongside strong relationships with, and input from, key industry employers. In this context, the applicant’s proposed on-site Hub Office (see Box 7.1) would represent a valuable contribution to this industry upskilling process.

Greater Birmingham area

- 5.13 The Greater Birmingham HMA Strategic Growth Study 2018 (CD.I46) and Greater Birmingham HMA Strategic Growth Study 2018 (SGS) have supported the Greater Birmingham & Black Country Housing Market Area³⁵ Statement of Common Ground 2022 This covers both NWBC and Tamworth (and Lichfield) areas. This is work that was in large part trying to address future housing need in the sub-region including unmet need for Birmingham
- 5.14 The SGS also noted that the lead in times for employment-led housing developments is ‘3-5 years’ from inception to initial completion depending on scale of housing provision added on (Table 4, page 29).

³⁴ West Midlands and Warwickshire Local Skills Improvement Plan, May 2023 CD.I67

³⁵ Greater Birmingham & Black Country Housing Market Area (GBBCHMA) includes Birmingham City Council, Bromsgrove District Council, Cannock Chase District Council, Dudley Metropolitan Borough Council, Lichfield District Council, North Warwickshire Borough Council, Redditch Borough Council, Sandwell Metropolitan Borough Council, Solihull Metropolitan Borough Council, South Staffordshire District Council, Stratford-on-Avon District Council, Tamworth Borough Council, Walsall Metropolitan Borough Council and City of Wolverhampton Council

- 5.15 The SGS identified one of the four strongest areas of search for major housing development in the study area outside the Green Belt would be an Urban Extension North of Tamworth (but in Lichfield District) (para 1.77). The study identified the Urban Extension: East of Polesworth in NWBC area, which has subsequently been incorporated into the Local Plan.

Local Policy

North Warwickshire

- 5.16 In respect local economic development strategies or plans NWBC is part of C&W LEP and relies on the LEP for economic strategy and policy, similarly Tamworth is in the Stoke-on-Trent and Staffordshire LEP area.

Employment land

- 5.17 There is of course the now adopted Local Plan. In respect of employment land this makes provision for “local need” in Policy LP6 (amount of development) that identified the need for 100 hectares of employment land for the 22 year period 2011 and 2033 based on attempting to link planned housing and population growth to consequent “local need” for jobs and employment land. This figure also included around 14 hectares of land that was seen as meeting the unmet need of Tamworth.
- 5.18 The previous employment land needs statement (**CD.A13**) explored the methodology and implications of using this need figure which took no account of market signals or evidence of historic completions³⁶.
- 5.19 The Local Plan stated that *“two studies have made it clear that there is a wider than wider than local need for large sites. This provision does not necessarily have to be provided for within North Warwickshire”* (para 7.41³⁷). It was to address this point and in part to meet the concerns of many that made representation on the Local Plan’s very limited provision for employment land (including our client Hodgetts Estates) that Policy LP6 was developed.

³⁶ Section 4 of **CD.A13** explored the flaws in the methodology used and the implications of the approach adopted.

³⁷ The Local Plan refer to two regional site studies (CBRE 2015 and West Midlands Strategic Sites Study 2015) which are of course now very dated.

Figure 5.2: Policy LP6 Additional Employment Land

Preamble:

This policy does not automatically override other policies but recognises that there are particular locational requirements specific to certain employment uses and economic benefits to addressing needs in those locations. As such, any weight accorded to proposed employment provision by virtue of this policy will be considered in the context of the policies in the plan as a whole in arriving at a balanced assessment.

Policy:

Significant weight will be given in decision taking to supporting economic growth and productivity, particularly where evidence demonstrates an immediate need for employment land, or a certain type of employment land, within Area A on Figure 4.10 of the West Midlands Strategic Employment Sites Study of September 2015 (or successor study) which cannot be met via forecast supply or allocations. The relevant scheme will be required to demonstrate:

- (i) access to the strategic highway network is achievable and appropriate,
- (ii) the site is reasonably accessible by a choice of modes of transport,
- (iii) it is otherwise acceptable, taking account of the living conditions of those nearby.

5.20 The precise interpretation of this policy is a matter for planning witnesses. However, there is one element on which we would comment. The policy refers to “immediate need”. In their Statement of Case (**CD.C2**), the LPA have cast doubt as to whether the Proposed Development does meet “immediate need”. In the Officers Report to the Planning Committee (**CD.A1**) this point is expanded further by reference to the fact this is a “*speculative proposal*” and that there is “*no named or identified occupier and the individual operational requirements of a prospective occupier are not identified within the proposal*” (para 10.55, **CD.A1**).

5.21 This comment by and view of the LPA seems to misunderstand the way in which the property market and development process meets the need of occupiers. Once the appeal site received outline planning permission, our client will then be in a position to meet the immediate need that manifestly exists in the market in Area 2/Area A (the M42 corridor) as referred in Policy LP6 where there is a chronic shortage of sites relative to demand at present. In the sense of the wider economy and logistics firms (or manufacturers) seeking a choice of sites that meet their business needs in the M42 corridor, there is **very clearly an immediate need**. This point is made very clearly in the updated Employment Land Study by C&W (**CD.I20**).

- 5.22 Large scale logistics development are in all cases promoted and implemented by land developers and only then are built out to meet the needs of particular occupiers, either by speculative development of the type of sheds that are needed in the market or bespoke shed for specific occupiers. This is how the development for instance at Tamworth Logistics Park, Core 42 and Brich Coppice have all progressed.
- 5.23 Occupiers of large scale shed have very specific requirements that need to be met in short timescales (1 to 2 years) and need the certainty of planning approval before progressing investment decisions.
- 5.24 LP6 also talks about it being engaged if the immediate need “cannot be met via forecast supply or allocations”. As the evidence makes clear, there is a considerable lead in time for any new allocations and in the M42 Corridor there is a very limited supply now or planned in the future in existing applications.
- 5.25 The previous employment land needs statement by Nicol Economics in **CD.A13** identified the very limited supply of remaining allocated sites in the NWBC (and Tamworth area) suitable for large scale logistics. It concluded that within North Warwickshire the headline apparent level of employment land supply in 2021 (104 hectares) was misleading. It pointed out that in practice there was just “24 hectares left of general employment land in the borough which for the remainder of the Local Plan period amounts to around 2 hectares of land per annum” (para 7.15). The updated Employment Land Study from C&W (**CD.I20**) confirms that the level of supply relative to demand remains very acute. Since the previous Employment Land Statement in 2021 there has been no significant progress in respect of extra supply in Area A/Area 1.
- 5.26 The 2021 employment land needs statement (**CD.A13**) also made the important point that the effective available supply was only just over 6 years (when using the assessed local needs approach. It then noted that this assessment of need “ignores the manifestation of demand from regional or national firms that will drive take-up at much higher rate, so **in effect squeezing out local needs**” (para 8.6, our emphasis added).
- 5.27 This remains a real live issue, in the absence of sufficient land to meet local **and** wider needs, the pressure from large scale logistics demand will tend to, as economists would put it, “crowd out” the needs of local firms (either from existing space or via the development process).

Future housing and so labour supply

- 5.28 The Local Plan set out the location and scale of the main allocations for future housing growth in NWBC. It is worth noting that location of the appeal site aligns well **with the delivery of major allocated new housing sites** at Polesworth with Dordon (site allocation H4) and the site adjacent to Tamworth (site allocation H5), in the adopted North Warwickshire Local Plan. These allocations account for about 50% of all new housing allocated (see Table 5.2) and so where future population growth in the borough will take place. Therefore the appeal site is well located in respect of both current and future housing and so workers.

Table 5.2: NWBC main housing allocations				
	Allocation	Size (has)	Houses	Share of all allocations
H2	Land to north-west of Atherstone off Whittington Lane	71.2	1,282	21%
H4	Land to east of Polesworth and Dordon	160.8	1,675	27%
H5	Land west of Robey's Lane, adjacent Tamworth	66.1	1,270	21%
Other allocations			1,956	32%
Total allocations			6,183	100%
Total housing need			9,598	
Source: CD.F1 , Policy LP37				

Tamworth

- 5.29 Like North Warwickshire, Tamworth has no specific local economic development strategy, but is part of the Staffordshire and Stoke LEP area. It is also non-constituent local authority member of the West Midlands Combined Authority (WMCA) like North Warwickshire. Tamworth is a very tightly bounded authority and therefore cannot deliver its own housing or employment land needs and so has relied on neighbouring NWBC and Lichfield to do this. This is made very clear in the current adopted Local Plan³⁸.
- 5.30 TBC has provided a letter of support for the Proposed Development in January 2022 (**CD.B53**). This states: *“on account of our **identified shortfall in employment land**, a development of this kind, delivered in such close proximity to the local authority border, would be supported.”* [our emphasis added].

³⁸ “Tamworth Borough Council –Local Plan 2006-2031”, Adopted 23rd February 2016, **CD.F23**, see para 3.15 on housing and policy SS1 on pages 23 and 24

Lichfield

5.31 The emerging Lichfield District Local Plan 2040 included two non-strategic housing allocation at Tamworth which will give rise to a corresponding requirement for local jobs, for which the appeal site would be well placed to provide. However, this draft Local Plan was withdrawn for Examination in October 2023. In the current adopted Core Strategy and Local Plan Allocations³⁹ there is provision for around 1,160 new dwelling to the immediate north of Tamworth.

Conclusions

5.32 Our principal conclusions in respect of policy are as follows:

- 1) There is a strong thread running through regional and sub-regional policy about the importance of have the right sites to support economic growth. The logistics and automotive sectors are recognised as important drivers of growth in the sub-region. In spite of this acknowledgement of pressing need, the plan-led system simply has not met needs over the last decade, despite unprecedented growth in this sector.
- 2) Current employment allocations within NWBC are not designed to meet to meet the wider (“regional”) needs that has been the main driver of employment land take-up in the local area. Policy LP6 was designed as, in effect, a flexible policy that would allow sites to come forward that were not allocated to meet this wider need if it were both “immediate” and this need was not going to be met elsewhere. It was a response to the clear evidence of need although it should be noted that the 2021 WMSESS (CD.12) was not available at the time of the examination.
- 3) On both counts there clear evidence that this need is being engaged. There has been no additional provision in Area 2/Area A to meet demand since the Local Plan and so this policy were adopted over 2.5 years ago in September 2021, despite the merits of this location and this site being clearly recognised.
- 4) The importance of NWBC in providing a location to meet Tamworth’s future employment and housing) needs is recognised in local plan policies and there is explicit support from Tamworth BC for the development of the appeal site.

³⁹ Policy NT1: North of Tamworth Housing Land Allocations in “Local Plan Allocations 2008 – 2029”, adopted July 2019, CD.161

6. Benefit of the proposed development - meeting regional and national need

- 6.1 Meeting the strong national and regional need is the **primary role** of the Proposed Development . It can accommodate up to 100,000 sqm of Use Class B2, B8 and E(g)(iii) employment floorspace, with potentially several large warehouses or other buildings over 10,000 sqm (or “Big Boxes”) and a single unit of up to 90,000 sqm (1 million sqft). Policy LP6 was developed with meeting this need in mind as assessed employment need and the employment land allocations in the adopted Local Plan were designed to meet **local** needs based on a specific methodology.
- 6.2 We have set out earlier the considerable evidence on the scale of this need and its urgency/immediacy. We have also identified that there needs to be a **choice** of suitable sites for occupiers to meet their particular locational characteristics. How does the appeal site fare in respect of meeting this need?

Characteristics of the Proposed Development

- 6.3 It is very clear that the Proposed Development is in an excellent location and of a suitable scale to meet national and regional need and we are not aware of any objections or disagreement from the LPA on this point:
- First, in respect of **broad location** the appeal site sits in the important M42 corridor⁴⁰ that has been identified as a prime location for strategic employment sites in the region and sub-region. It also sits on the A5 corridor, an important east – west freight route. It clearly sits with Area A (WMSESS 2015)/Area 2 (WMSESS 2021) which has been identified as one of the key locations for strategic employment sites due to evidence of very strong market demand.
 - Second, the **size** of the appeal site is well above the 25 hectare minimum level uses to define strategic employment sites in the region (it is c. 32 hectares). It is therefore capable of attracting significant national and international inward investment. The size means it is capable of accommodating a wide range of needs in respect of size of units that could be accommodated. As the updated employment land study by C&W makes clear (**CD.I20**, para 5.22), the site could accommodate a range of sizes of units from 9,000 sqm (100,000 sqft) up to 90,000 sqm (1 million sqft).

⁴⁰ Or the A446/M42 corridor identified in the C&W 2022 HEDNA (**CD.I4**)

- 6.4 The area is a major industrial location that has proved extremely successful in attracting a wide range of businesses, from important local firms needing to expand (such as Instarmac) and major regional and national firms. It is also very close to the successful Core 42 and St. Modwen Tamworth Logistics Park developments all showing evidence of strong demand for logistics space in this area.
- 6.5 The site also benefits from excellent **site specific location and other characteristics**. In Figure 6.1 below we show how it performs very well against the criteria set out in the C&W HEDNA (**CD.I4**).

Figure 6.1: Comparison of appeal site against C&W HEDNA key locational considerations for strategic industrial sites

Factor	Assessment of appeal site
Road accessibility	<ul style="list-style-type: none"> Highly accessible site located on Junction 10 of the M42 with good and simple road access. WMSESS 2021 identified the importance and attractiveness of sites at motorway junctions for the logistics sector (due to the improvement of access and reduction in potential local highways constraints or stoppages).
Power supply	<ul style="list-style-type: none"> Has an existing power supply and access to power that more than meets the current and future needs of occupiers.
Proximity to rail terminals	<ul style="list-style-type: none"> The site is well rail connected or “rail served” in that it has ready access to the existing Birch Coppice rail freight terminal and facility⁴¹.
Labour availability	<ul style="list-style-type: none"> The site is close to the urban area of Tamworth (population 79,000 and working age population of 49,000⁴²) and is accessible by foot, bike and bus to Tamworth. It is also accessible to main settlements in North Warwickshire (Polesworth and Atherstone via the A5) . As we note below it is also well-located in respect of planned <u>future</u> housing growth in the local area.
Neighbouring activities	<ul style="list-style-type: none"> The site does not have immediate neighbouring activities that would constrain operations [CHECK]
Source: C&W HEDNA (CD.I4) para 11.42 and our own assessment and information in the updated Employment Land Study (CD.I20)	

⁴¹ The extent to which the site is “rail served” is set out clearly in **CD.A14** the Rail Terminal Connectivity Statement by MDS Transmodal.

⁴² Source: 2021 Census of Population

6.6 The recent work on logistics for SEMLEP referred to in Section 3 (**CD.I56**) and produced by the same consultants as the C&W HEDNA also explores key criteria for logistics sites going forward. As well as the criteria in Figure 6.1 above it also includes:

- Sites being “*sufficiently large and flexible in its configuration so that it can accommodate the range of sizes of distribution centre warehouse units now required by the market*”. It notes that site would ideally be over 25 hectares to meet market needs. Clearly, the appeal site scores well in this regard.

6.7 It is clear that the site is very well placed to meet an immediate need as it is **readily deliverable** (subject to planning). There are no site infrastructure constraints, access has been identified and it is a relatively level site (as noted in the updated Employment Land Study, **CD.I20**). The site would be ready to be occupied 2 to 2.5 years from approval (including an 18 months build out period). Only sites with existing planning permissions and infrastructure could be delivered more quickly.

Conclusions

6.8 In conclusion the appeal site meets an immediate regional need for large scale industrial development site capable of accommodating large developments of up to 90,000 sqm. It would ensure the region has a **choice of sites** to accommodate the need and be able to attract and retain businesses needing to locate on the M42 corridor.

6.9 The appeal site has all the site characterises to meet this need as well as being readily deliverable (subject to planning) to be implemented quickly.

7. Local economic and social benefits from the proposed development

7.1 Estimates of the future economic impacts and benefits of the Proposed Development at a local level were set out in the Socio-Economic chapter of the Environmental Statement (**CD.A9.9**). In this section we update and explore some of the benefits in more detail.

Summary of the main quantified economic benefits

7.2 The benefits as assessed in the ES are set out in Table 7.1.

Table 7.1: Summary of economic benefits from the Proposed Development	
Nature of benefit	Assessment in ES
Temporary construction employment	255 to 283 person years of temporary construction employment. This is equivalent to 255 to 283 construction workers being employed on a full-time basis for twelve months (based on estimated build cost of £48 million to £53 million).
Temporary construction GVA	£17.9 to £19.9 million of GVA
Gross on-site employment	In rounded terms 1,250 to 2,050 FTE jobs on the site once the development is completed and fully occupied. The lower figure is based on employment densities for National Distribution Centres
Gross Value Added	From £62.5 million to £104.2 million annually in perpetuity (to the West Midlands economy), of which between £38.9 million and £64.9 million would be within the local economy (North Warwickshire Borough and Tamworth Borough)
<i>Source: Land West of Dordon, Junction 10, M42 Environmental Statement, Chapter 13 Socio-Economics, WSP, November 2021 (CD.A9.9). Notes: * to the nearest 50 FTE jobs.</i>	

Update on job estimates

7.3 The jobs estimates in **CD.A9.9** were based on what was then the best information available (including the experience of Birch Coppice and national parameters for employment densities at large scale distribution warehouses based on the 2015 Homes and Communities Agency guide to employment densities). However, as we noted earlier in para 3.13, one of the key trends in warehousing and logistics has been **increasing automation** of activities within warehouses, a second has been the increase in the size (and therefore efficiency) of warehouses.

7.4 The employment densities for National Distribution Centres (or NDCs) from the 2015 HCA report was in turn based on evidence from 2014 and earlier. However, there has been a gradual shift upwards in the amount of employment floorspace for every FTE jobs as the size of warehouses has increase and their efficiency and degree of automation. Figure 7.1 below summarises how the employment density values have changed over time:

- In 2010 the standard value ranged from 70 to 80 sqm per FTE job
- By 2015 the standard advice from the HCA Guidance was for a wider range from 70 sqm per FTE up to 95 for National Distribution Centres (larger scale warehouses).
- In 2018 ProLogis⁴³ conducted a survey of its warehouses across its estate. For its 33 warehouses totalling 7.5 million sqft, the employment density was on average 96 sqm per all jobs and 107 sqm per FTE job, rising to 113 sqm per job for warehouses over 10,000 sqft (approx. 9,000 sqm).
- They repeated the exercise in 2023 and this sample suggested around 112 sqm per FTE job⁴⁴.
- The recent work for SEMLEP on the logistics sector (**CD.56**) suggested that employment densities for NDCs could be as high as 140 sqm per FTE. The work used 119 sqm of space per FTE employee as the basis for its scenarios of the impact of future logistics floorspace (which is largely in big sheds) on employment over the next 15 years or so to 2040 (Table 14.1, page 121).

7.5 We consider that, given these recent trends which are likely to continue into the future, the range of number of jobs that would be likely to be located in any development on the appeal site should be revised. Table 7.2 sets out our revised estimates for the range. Based on the most recent evidence this point towards a significantly lower employment density (the low range in Table 7.2) or **around 1,000 FTE jobs on the site** (compared to the range of 1,200 to 2,060 in the original ES). This means that based on the very latest information the proposed development is likely to produce **fewer jobs than had previously been assumed but, as we shall see later, these are likely overall to be more highly skilled**⁴⁵.

⁴³ Delivering the future: the changing nature of employment in distribution warehouses., ProLogis, September 2019 (**CD.I69**)

⁴⁴ After taking out one "outlier" where there was an implausible ratio and looking at space over 5,000 sqm (**CD.I70**)

⁴⁵ The lower than previously anticipated number of on-site jobs would not impact materially on the estimates of GVA previously calculated in the ES (see Table 7.1 above) as the jobs would be higher skilled and more productive and the overall economic output from the proposed warehousing would be similar

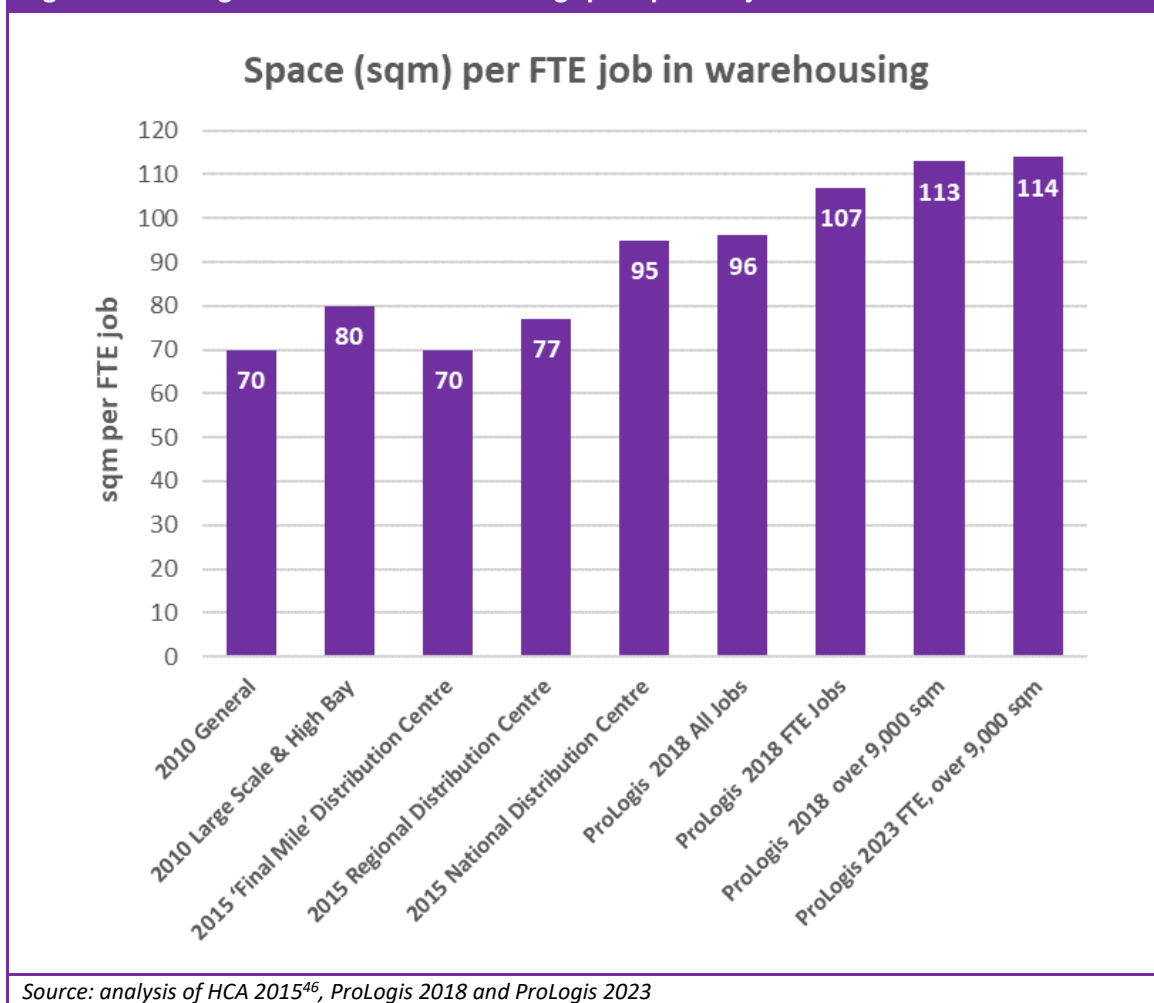
7.6 There is of course a further implication of the shift to greater automation in the sector. It is the case that as an when some **existing** large scale logistics operators relocate or upgrade their premises in NWBC areas and the rest of the West Midlands there could be some reductions in levels of local employment for a given overall floor area as a result of the increased use of robotics and automation inside warehouses, although there is also likely to be concomitant upskilling in jobs and so wage levels.

Table 7.2: Employment levels at the Proposed Development applying alternative jobs density assumptions

Part of development	Area (GEA)		Employment density (sqm GEA per FTE job)			FTE jobs		
	Sqm	Sqft	Low	Med	High	Lower	Med	Higher
B8	90,000	968,400	114	95	77	796	947	1,169
Class B2 (general industry) and Class E(g)(iii) (light industrial)**	10,000	107,600	47	41.5	36	213	241	278
Total area	100,000	1,076,000	100*	84*	69*	1,002	1,188	1,447
Total rounded						1,000	1,200	1,400
Planning Application/ES			81*	63*	49*	1,232	1,588	2,056

Source: **CD.A9.9** and our own estimates. Note: * implied overall density (sqm of space per FTE job); ** range is for manufacturing 36 to light industrial 47 from the 2015 HCA guide

Figure 7.1: Changes in values of warehousing space per FTE job



Types of jobs created

7.7 The logistics sector supports a **wide range of jobs at different occupational levels and wage levels**, which is shown in Figures 7.2 and 7.3 below. Figure 7.2 uses data from the Annual Survey of Hours and Earnings (ASHE) undertaken by the ONS⁴⁷. The data is for full-time earnings in the transport and logistics sector in 2023 for the West Midlands region⁴⁸. As can be seen, there is a wide range of earnings levels in the sector:

- In the West Midlands region annual earnings start at around £25,000 the lowest 20% of workers rising to £45,000 and over for the best paid workers in the sector (the 8th decile and above or the top 20% of earners in the sector).

⁴⁶ HCA Employment Density Guide, 3rd Edition, Homes and Communities Agency, 2015

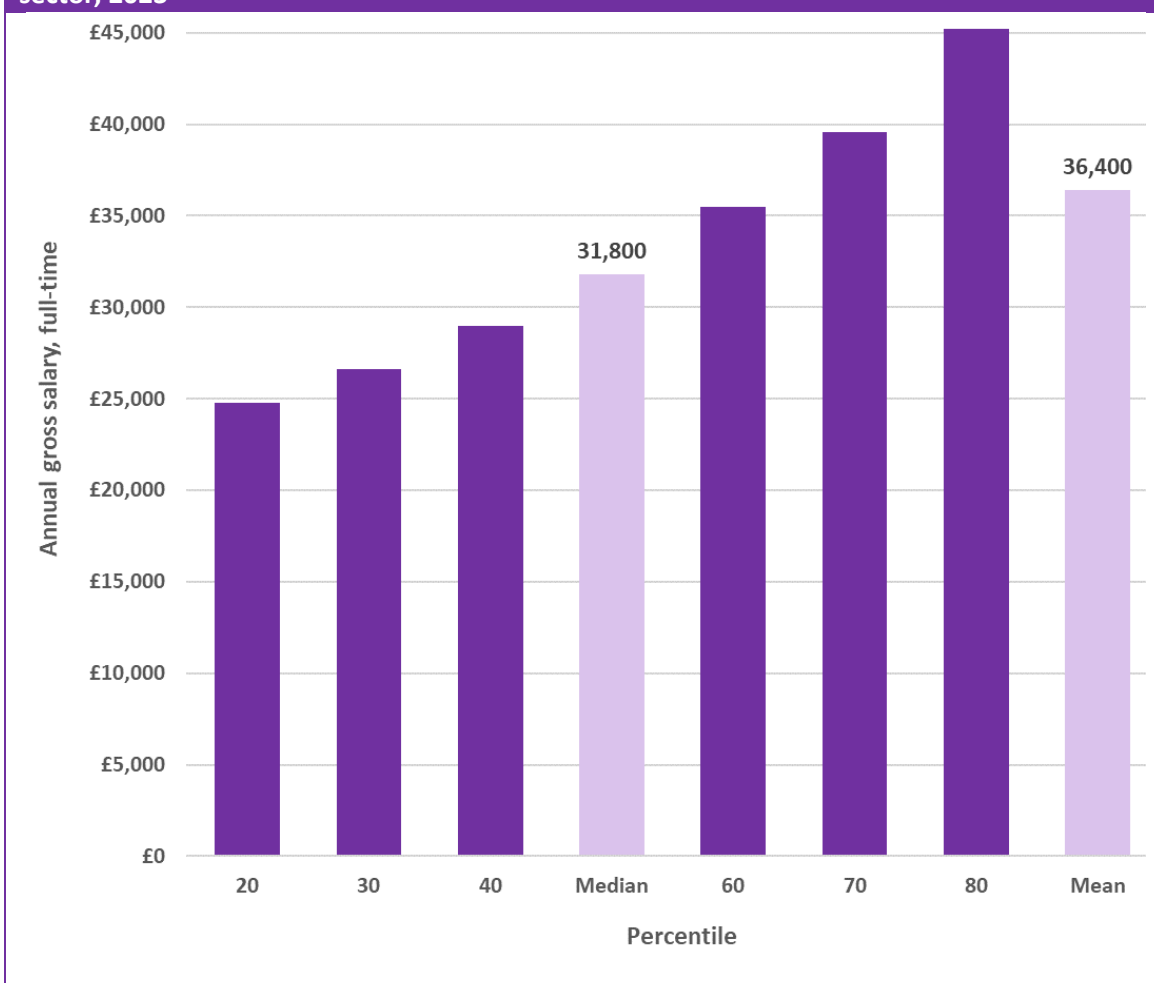
⁴⁷ This survey is based on a national sample of 1% of PAYE records and shows the mean, median and the distribution of earning across sectors by decile

⁴⁸ The data is not reliable by sector below the level of a region

- Median full-time annual earning levels for full-time employees in the sector) were around £32,000 for the West Midlands region and the mean level was £36,000. The average rates of pay for full-time employees were slightly below the all sector regional average (by 4% for median earnings).
- In North Warwickshire and Tamworth median annual earning for all those working full time in 2023 in workplaces in all sectors in these areas were respectively £31,700 and £32,600 or similar to the regional average for the transportation and distribution sectors.

7.8 There is no comparable wages data available for the logistics sector just for North Warwickshire, but there is no reason to believe wages will differ markedly from the overall picture for the region. It is sometimes stated that wages in the logistics sector are poorly paid or significantly below average earnings. This analysis of official data shows that this is not the case in the West Midlands region.

Figure 7.2: Distribution of full-time annual earnings levels in the transport and distribution sector, 2023

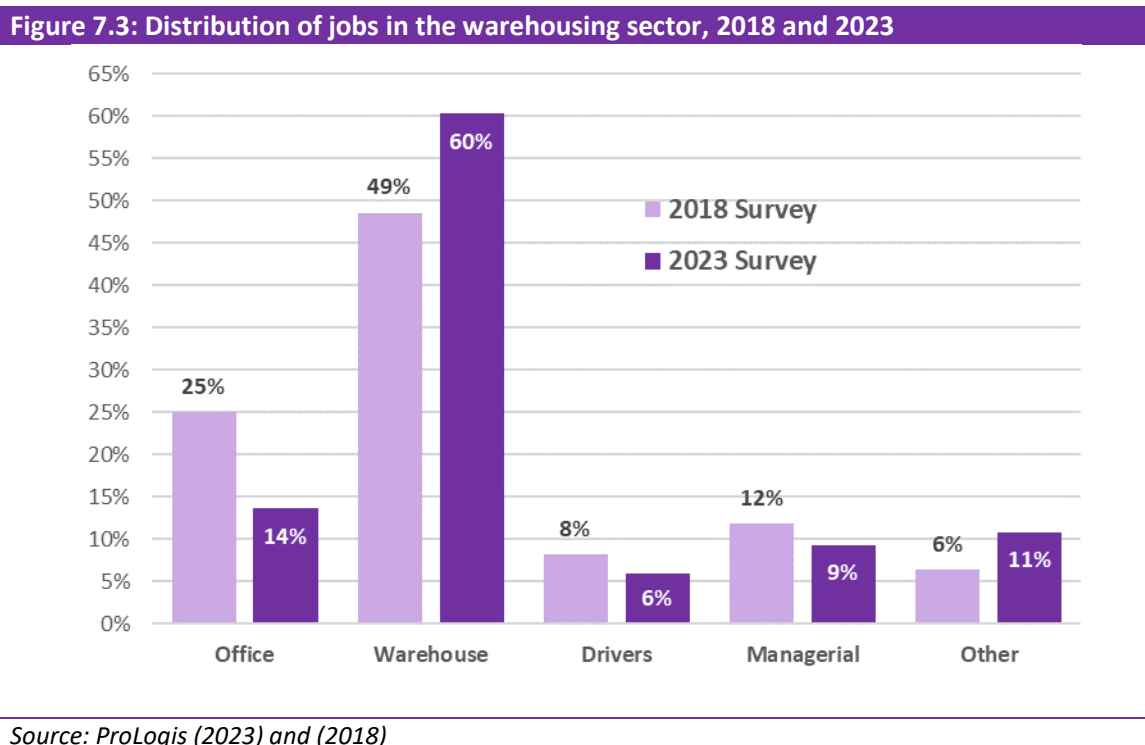


Source: our analysis of ONS ASHE data for 2023. Note: the sample sizes were too small to be able to provide figures for all levels of earnings; median is the 50th percentile. There is no comparable data just for the warehousing sector

- 7.9 Further useful light is shed on the nature of jobs in the logistics sector by national research by the large scale logistics shed developer ProLogis⁴⁹. This work is based on a survey of business operating from 33 distribution centres located on Prologis Parks throughout the Midlands, South East and London and can be compared with the previous survey in 2018. A total of 7,300 employees were covered by the most recent survey working in 7.5 million sqft (700,000 sqm) of space. The report found that 25% of employees filled “office” roles and 12% managerial roles as well as the often stereotypical warehousing and driving roles. This finding is in line with trends in the nature of many new logistics buildings, where there are significant office-functions linked to the business that are an integral part of the building offering a range of managerial and technical jobs.
- 7.10 The work was updated in 2023⁵⁰ when the survey covered 29 warehouses with 5,600 employees in 5.9 million sqft (550,000 sqm) of space. This survey indicated 14% in office and 9% in managerial roles. The differences will be as a result of the different samples covered in the two reports. The findings are shown in Figure 7.3.
- 7.11 The 2023 report also looked at the labour market and skills issues and opportunities in the sector and reported that:
- Both full-time and part-time employees within the logistics and supply chain sector are earning above the median average salary across industries.
 - The sector offers opportunities to progress to senior roles regardless of academic qualifications – with 63% of logistics managers not holding a university degree.
 - Full-time employment in the industry is growing – with 91% of employees across Prologis UK sites employed through full-time contracts.
 - The sector drives high satisfaction amongst the workforce – with 66% of logistics employees stating that they ‘love’ their chosen career.
 - The logistics and supply chain sector offers long-term opportunities – with 54% of the workforce having been employed in the sector for over a decade, whilst 63% of workers aged 18-34 years old see their current role leading to a long-term career.

⁴⁹ “Delivering the future: the changing nature of employment in distribution warehouses”, ProLogis, September 2019 (CD.I69)

⁵⁰ “Critical Infrastructure: Driving Employment Growth Within The UK’s Logistics Sector”, ProLogis, May 2023 (CD.I70)



7.12 It is also the case that workers in the sector are much **more likely to be working full-time** than the average. According to the latest data for North Warwickshire in 2022, 73% of all employees in the area worked full-time rising to 89% for the whole transport and distribution sector and 92% for warehousing and support services and postal services.

Location of the jobs

7.13 The jobs that would be located at the appeal will be, as noted earlier, readily accessible to **current settlements** in particular Tamworth and Dordon/Polesworth. The Employment, Skills and Training Statement (**CD.B45**) included the proposed connectivity plan (Appendix C) and it is worth reiterating that:

- The site is within easy walking distance of residential areas of Tamworth and Dordon.
- The site will be well-served by public transport with bus stops and frequent services to Tamworth, Dordon/Polesworth and along the A5 to Atherstone.
- There are good footpaths and cycles ways into Tamworth over the M42 (which are to be enhanced) and improved footpath/cycle way eastward along the A5 to Dordon.

7.14 Furthermore, looking to the future, the appeal site is well located in respect of future housing planned in NWBC itself, Tamworth and the proposed extensions of Tamworth in Lichfield. As is noted in **CD.B45** the site is approximately:

- 1.7 miles/34 minute walk or a 2.3 miles/13 minute cycle from site allocation H4 (Polesworth with Dordon a site allocation of a minimum of 2,000 dwellings);
- 2.1 miles/12 minute cycle from allocation H5 (Tamworth site allocation for 1,270 dwellings), and
- 3.4 miles/18 minute cycle from allocation H2 Atherstone (site allocations for 1,282 dwellings), , and
- 5.1 miles/28 minute cycle from allocation H1 (Atherstone for 620 dwellings).

7.15 As **CD.B45** also makes clear, these times and distances would be reduced by the proposed package of pedestrian, cycle and wheeling connectivity enhancements.

Addressing local regeneration needs

7.16 There are significant pockets of deprivation within close vicinity of the site as set out in Section 4. In Tamworth in particular, there are a number of some of the most deprived neighbourhood areas in the country. There are four lower super output areas (LSOAs) within or just on the edge of 3 km (2 miles) of the Proposed Development site that are in the bottom 10% nationally and a further three which are in the bottom 20% nationally. This includes the communities of Belgrave, Glascote and Stonydelph, who were identified as key regeneration priorities in Tamworth's earlier 2013 Growth and Regeneration Plan. The main deprivation areas in North Warwickshire are somewhat further afield closer to Atherstone.

7.17 An increase in the employment opportunities on offer as a result of the Proposed Development has the **clear potential to help address some of these issues**. Use of a planning obligation or planning condition which facilitates training and recruitment activity during both construction and operational phases targeting local people within Tamworth and North Warwickshire will support the matching of opportunity presented by the Proposed Development to need within the local impact area.

7.18 The proposed package of support measures, including the on-site Hub Office (see Box 7.1), is set out in the Employment, Skills and Training Statement (**CD.B45**). These comprise:

- The **Hub Office** itself (delivery ensured by a proposed condition). This is designed to act as multi-purpose building, including a computer suite and a communal training facility for use by local training and education providers associated with the site as well as businesses located on the site. The developers have been in discussions with potential education partners.
- **Employment schemes** for both the construction and occupation phases (also covered by a proposed condition) to be submitted and approved by the LPA.
- The proposed details of these schemes are set out in the Employment, Skills and Training Statement. For the construction phase the proposed elements are reproduced in Box 7.2 below and for the occupation phase elements in Box 7.3.

7.19 The applicant is also proposing by way of condition the creation of an **Employment Panel**. As explained in **CD.B45** this panel is designed ensure a consistent approach to recruitment of local people and to collaborate on employment and upskilling opportunities across the development.. Relevant officers from NWBC, Tamworth Borough Council and Warwickshire County Council would be invited to attend, and the Panel would include representatives from the different businesses taking up tenancies at the development. As is noted, there would also be the potential to include the Warwickshire Skills Hub within the panel, along with local organisations and/or contacts from the Department for Work and Pensions.

7.20 In our view and experience of other schemes, considerable thought that has gone into these measures and they offer a real opportunity to target the benefits locally and to help residents of more deprived parts of the immediate local areas access the opportunities.

Box 7.1: The Hub office proposals

The Hub Office would be a multifunctional space, acting as a site office incorporating management suite, security and maintenance functions during operation of the site and a marketing space during construction, as well as communal cycle parking, showers and changing facilities available to use by the general public to encourage active travel and sustainable commuting patterns, both for the site and the neighbouring cluster of business parks surrounding M42 Junction 10 and Birch Coppice Business Park.

The Hub Office would also function as a communal training facility for use by local training and education providers associated with the site, such as North Warwickshire & South Leicestershire College as well as by site occupiers, both during construction and occupation phases

It is intended that the Hub Office would be delivered as part of the first phase of development so that it could also be used for training, apprenticeships and work experience programmes during construction of the main phases of the development

Source: **CD.B45**

Box 7.2: The Employment Scheme – Construction Phase proposals

- Measures to maximise the proportion of local construction workers and ensure local unemployed people have the opportunity to apply for and secure these jobs;
- Where appropriate, measures for training for construction workers, including registered job seekers from local job centres;
- Where commercially reasonable and sensible, having regard to costs and efficiency, preference to be given to procurement of products and services from local supply chain networks as close to the site as practicable;
- Provide young people (school, sixth form, further education (FE) college and university) with the opportunity to gain valuable site and project-related experience, especially targeting unemployed residents and job seeking students;
- Advertise job opportunities, vacancies, recruitment programmes and job-related training courses with North Warwickshire Borough Council (NWBC), Tamworth Borough Council (TBC), Warwickshire County Council (WCC) and the Department for Work and Pensions (DWP) (in addition to any other channels which may be agreed);
- Work in partnership with NWBC, TBC and WCC (in addition to any other partners which may be agreed) to facilitate economic regeneration, by engaging with education providers, job seekers and residents to promote the opportunities which exist in the construction and built environment sectors;
- A commitment to early and on-going co-operation with universities, FE colleges and employment support and training providers to proactively scope out business opportunities and labour force requirements and put joint plans in place to meet these requirements, as far as practicable, locally; and
- All scheme contractors and sub-contractors to be encouraged to support the measures and programmes outlines above

Source: **CD.B45**

Box 7.3: The Employment Scheme – Occupation Phase proposals

- Formation of an ‘Employment Land Panel’, to collaborate on employment and upskilling opportunities across the site;
- Provision of smaller ‘incubator’ type units for SMEs, to enable local businesses to benefit from the strategic location and grow, whilst remaining in the area;
- Development of an ancillary Hub Office, which would act as a communal training facility for use by local training and education providers associated with the site;
- Provide details of how local employment opportunities at the site would be advertised and how liaison with, inter-alia, NWBC, TBC and WCC will take place in relation to maximising access for the local workforce and in particular unemployed persons and students;
- Provide details of the measures to be taken to offer the aforementioned local employment opportunities at the site;
- Where it is commercially reasonable and sensible to do so having regard to costs and efficiency, preference to be given to procurement of products and services from local supply chain networks as close to the site as practicable.

Source: **CD.B45**

Role of the Proposed Development in meeting local business space needs

- 7.21 As we noted earlier, one of the consequences of the strong demand for large scale logistics space is that most employment allocations or sites where planning permission has been obtained in North Warwickshire (such as the Tamworth Logistics Park on Junction 10 of the M42) have been developed rapidly. These larger scale applications do necessarily meet the “local” needs of existing smaller businesses as perhaps was envisaged in the Local Plan.
- 7.22 **CD.B45** states that the range of smaller ‘starter’ / ‘incubator’ units would be targeted at local Small and Medium Enterprises (SMEs) for general industry / light industrial uses. The masterplan foresees the provision of up to 10,000 sqm (over 107,000 sqft) of Class B2 (general industry) and Class E(g)(iii) (light industrial). This would be a very welcome addition to supply locally as evidenced

- 7.23 shortage of SME spaces as identified in other research⁵¹.
- 7.24 The latest CoStar data on the availability of light industrial space in North Warwickshire and Tamworth is summarised in Table 7.3. The data shows that there is very little supply indeed in the sense of vacant stock in both areas (just 700 sqm). Provision of such space will help local companies grow expand and relocate without needing to move further afield to find suitable premises.
- 7.25 As noted earlier, the Sub-Regional Employment Market Signals Study (CD.I5) highlighted that the development of space for SMEs is often not viable (unlike for large sheds) unless part of a wider scheme. The ability of the Proposed Development to ensure an increase in SME space as part of a larger development is a welcome benefit. The proposed condition would ensure that a minimum of 5,000 sqm (GIA) of floorspace would be delivered. This would represent a **significant addition to the stock of light industrial floorspace in smaller units** across NWBC and Tamworth (see Table 7.3).

Table 7.3: Light industrial (LI) supply, April 2024					
Area	Total stock GIA		Vacancy rate	Market asking rent	LI as a % of all logistics and LI
	sqft	sqm			
NWBC	463,165	43,029	1.6%	£10.77	2.8%
Tamworth	280,058	26,018	0.0%	£8.07	5.2%
Coventry (inc NWBC)	3,857,901	358,411	1.3%	£10.64	5.6%
All UK			2.4%	£8.86	11.0%

Source: data accessed from CoStar April 2024. Note: this is a CoStar market area and corresponds to Coventry and Warwickshire

Conclusions on local benefits

- 7.26 The key conclusions are:
- 1) The development of the appeal site would provide a significant local and regional economic boost.
 - 2) The scale of jobs that would be generated and located on site is likely to be in the range 1,000 to 1,400 (and more likely to the lower end of that range). The changing nature of the use of technology and so jobs in the logistics sector is likely to lead to fewer but more skilled jobs in the future in large scale warehousing developments.

⁵¹ Coventry & Warwickshire Sub-Regional Employment Market Signals Study (July 2019), a key evidence base document for the sub-region

- 3) Jobs in the logistics sector provide a wide range of salary levels and skills and on average pay at a rate similar to jobs elsewhere in the regional economy. They are also more likely to be full time.
- 4) There will be significant number of office, technical and managerial jobs, especially as automation progresses and warehouse operatives carrying out simple manual tasks are less needed.
- 5) The jobs are well-located in respect of settlements in the areas (Tamworth, Dordon/Polesworth and Atherstone), with walking and cycling access routes and good bus routes.
- 6) The appeal site is also well located in respect of areas of future housing growth in NWBC itself and around Tamworth.
- 7) The site is also accessible to several areas of significant deprivation in Tamworth.
- 8) The proposals include significant and well-thought through proposals for training and employability support that will help residents access the jobs on offer as the development progresses.
- 9) Finally, the development makes explicit allowance for meeting the needs of SME by the provision of at least 5,000 sqm of SME space, meeting a need which has been identified locally.

8. Conclusions

8.1 Our proof has addressed the issue of the need for the Proposed Development and the benefits it would deliver. Our main conclusions are as follows:

National and regional need

- 1) The logistics sector is critical to the effective functioning of the UK economy, for the efficient movement of goods and to enhance general productivity.
- 2) An efficient and effective logistics sector needs to be able to locate in the right sites and right premises to meet the specific needs of the sector, the businesses and the customers it serves (e.g. the automotive sector supply chain or time-critical e-commerce operations). As business drivers vary, the ideal site location will vary between industries and from occupier to occupier.
- 3) If businesses are unable to locate in a preferred location that meets their specific business needs, this will add to business costs now and in the future and therefore costs to the wider national economy. This may in turn lead to major relocation decisions at some point.
- 4) The UK economy has for some time performed poorly in respect of productivity growth and more recently in terms of overall economic growth. At the same time a particular set of circumstances means there is a relatively tight labour market – although there are signs of this weakening in coming months and years.
- 5) There have been, and continue to be, strong drivers creating the need for large scale and modern logistics space nationally and regionally. In the West Midlands, and particularly in the sub-region, the automotive sector continues to be a strong driver of demand. As a major export-oriented industry, the **automotive sector is critical to regional and UK national competitiveness** at a time of considerable economic change and uncertainty. An efficient logistics sector, offering the right space in the right locations, is therefore critical to supply chain systems in the automotive sector, as well as in other branches of advanced manufacturing.

- 6) At a regional and sub-regional level in particular (looking at Area 1/Area A which covers the NWBC and Tamworth areas), there is a clear and well-evidenced shortage of sites for large scale logistics operators. This is a result of the strong demand that has been manifest (and well understood and evidenced in various regional studies) for many years - indicating the strength of business locational drivers.
- 7) This means there is undoubtedly an urgent need to find **suitable sites** to meet these market drivers and business needs. The existing allocations in the sub-region are largely or completely used up. A competitive location (region or sub-region) needs a good **choice of sites** to meet the needs of potential new inward investors or for existing regional businesses to expand or change operations.
- 8) The appeal site is very well placed to meet this immediate need as its scale, location, delivery timescale and site characteristics meet all of the key criteria for successful strategic sites and appeal well to the large-scale logistics sector. Furthermore, direct access to rail freight logistics infrastructure provides for enhanced sustainability in logistics operations, which is not possible in many other locations.
- 9) The development of this site will help meet the immediate need and provide a Strategic Employment Site that will help attract inward investment into the sub-region and region. This includes its role in supporting activity linked to the important automotive and advanced manufacturing sectors.
- 10) In the absence of granting planning permission for the site, businesses seeking locations along the M42 corridor will **be required to locate in sub-optimal locations for their business, sector and so the wider economy. This may engender considerations around re-location and will likely impact adversely on UK productivity and economic performance as well as that of the region.**

Local need

- 11) Although the primary purpose of the appeal site is to meet wider regional need, it will also deliver important local benefits for the NWBC and Tamworth areas.
- 12) On some measures unemployment is relatively low in NWBC and Tamworth. However there is evidence of a significant number of discouraged workers who are not officially unemployed, and unemployment rates have not fallen back to pre-Covid levels. So, even based on current employment levels, there is evidence of a local need for jobs.

- 13) Furthermore, although the local area has been relatively successful in creating jobs, as with all areas, there is need to continue to invest to help retain and sustain local economic activity. The employment base in both NWBC and Tamworth may be at risk to specific economic trends (including automation and the advent of AI) in the future.
- 14) The Proposed Development once fully occupied – which is likely to occur quickly - would create in the range **1,000 to 1,400 FTE jobs** -taking account of the most recent trends in jobs density in larger logistics developments. These jobs are likely to be reasonably well-paid and offer a variety of skills levels and types of occupations. Indeed, the current trends in the logistics sector are for a **smaller number of higher paid, more technical jobs** (linked to increased automation and use of complex software and machinery inside warehouses).
- 15) These new jobs would help **future-proof the local economy**. The new space would be of the highest modern standards and the development would be rail-link proofed and built to the highest sustainability standards meeting current and future occupier needs and will be particularly attractive to high-end occupiers with strong ESG⁵² credentials. The development would provide a wide range of job opportunities for local residents in NWBC and Tamworth.
- 16) The appeal site is well connected by public transport and well-located for walking and cycling trips to and from urban areas and some areas of deprivation around the site. The applicant has developed the innovative idea of the Hub Office and has other proposals to help maximise local opportunities for training, recruitment and local employment access.
- 17) The development would also allow for the delivery of at least 5,000 sqm of much needed space for SMEs in North Warwickshire where there is currently an almost complete dearth of available modern light industrial space for SMEs.
- 18) Furthermore, adding to the overall local supply of employment land would help take the pressure of existing employment sites and allocations where there appears some evidence of a degree of ‘crowding out’ of other uses by large scale logistics.

8.2 In conclusion, we consider there are **very strong grounds in respect of economic need to grant approval of the Proposed Development.**

⁵² Environmental, Social and Governance