

Land North East of Junction 10, M42

# Employment land needs and benefits

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

**LPA Ref: PAP/2021/0663**

Summary proof of  
evidence of Professor  
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May 2024

# 1. Executive Summary

## *Introduction*

- 1.1 This proof of evidence has been prepared jointly by Stephen Nicol of Nicol Economics and Professor Jim Coleman of WSP. It covers the economic need for the development including: the economic context and relevant economic development policy (nationally, regionally and locally); evidence on the specific need for space for large scale logistics; and the national, regional and local economic and social benefits from the Proposed Development.

## *The need for space for large scale employment sites*

- 1.2 The logistics sector is critical to the effective functioning of the UK economy, for the efficient movement of goods and to enhance general productivity. 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.
- 1.3 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.
- 1.4 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.
- 1.5 The key locational drivers for large scale logistics are: central location in the UK to relevant customer/supplier base; excellent highways access; and large sites to accommodate larger sheds. Other important factors include access to rail freight connectivity, good power supply, access to labour and lack of site constraints on operations (e.g. adjacency to housing).

- 1.6 There is strong evidence of a need for a certain type of employment land - large well-connected sites suitable for “big box” logistics. 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. One impact of very strong “big box” demand is to limit the supply of sites for other uses and for smaller firms (SMEs) in particular.
- 1.7 Despite the consistent evidence/research being produced about regional need for strategic employment sites, there is a very slow pace of identification of sites for development through the Local Plan process across the region.

### ***Economic context for the development***

#### *National*

- 1.8 The UK economy is struggling currently and has, for some time, performed poorly in respect of productivity growth and more recently in terms of overall 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.
- 1.9 In spite of the sluggish growth across the UK in most occupations, sectors and geographies, labour market conditions have been relatively tight. In part this has been caused by an overall contraction in labour supply since Covid. There are, however, signs the labour market is “loosening” (i.e. unemployment rates are rising, unfilled vacancies are falling and the ratio of unemployed to vacancies is rising).
- 1.10 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.
- 1.11 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.

### *Local*

- 1.12 The North Warwickshire and Tamworth local areas are linked very closely in economic and labour market terms. Jobs in North Warwickshire are particularly important for residents of Tamworth. There has been strong growth in jobs in North Warwickshire, but not Tamworth, over the last few years. There is some evidence of this growth tailing off recently. In both local areas, automotive sector, manufacturing generally and transport and logistics are important employers.
- 1.13 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 North Warwickshire and Tamworth may be at risk to specific economic trends (including automation and the advent of AI) in the future.
- 1.14 There are, currently, relatively low unemployment rates on the best available measures in both local areas, but they remain higher than the pre-Covid period. There is still a significant element of the “economically inactive” who may be discouraged workers. Our 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).
- 1.15 In Tamworth in particular there are significant areas of deprivation and also areas where few people have access to cars.

### *Economic policy context for the development*

- 1.16 There is a strong thread running through regional and sub-regional policy about the importance of having the right employment 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 has simply not met needs over the last decade, despite unprecedented growth in this sector.
- 1.17 Current employment allocations within North Warwickshire are not designed to meet the wider (“regional”) need 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 that were not allocated to come forward to meet this wider need if it were both “immediate” and this need was not going to be met elsewhere.

- 1.18 On both counts there is clear evidence that this need is not being engaged. There has been no additional provision in Area 2/Area A to meet demand since the Local Plan (and so this policy) was adopted over 2.5 years ago in September 2021, despite the merits of this location and this site being clearly recognised.
- 1.19 The importance of North Warwickshire 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 Borough Council for the development of the appeal site.

### *Benefit of the development - meeting regional and national need*

- 1.20 Meeting the strong national and regional need is the primary role of the Proposed Development. The appeal site quite clearly 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.
- 1.21 At a regional and sub-regional level in particular (looking at Area 1/Area A which covers the North Warwickshire 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.
- 1.22 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.
- 1.23 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.
- 1.24 The development of this site will 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.

### *Local economic and social benefits from the proposal*

- 1.25 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).
- 1.26 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. In adhering to high sustainability standards, the development will be particularly attractive to high-end occupiers with strong ESG credentials. The development would provide a wide range of job opportunities for local residents in North Warwickshire and Tamworth.
- 1.27 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.
- 1.28 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.
- 1.29 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.

### *Conclusions*

- 1.30 We consider there are **very strong grounds in respect of economic need to grant approval of the Proposed Development.**