

Land North East of Junction 10, M42

Employment land needs statement



NICOL ECONOMICS

Hodgetts Estates

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About Nicol Economics

Nicol Economics was founded in 2015 by Stephen Nicol, the former founder and Managing Director of Regeneris Consulting (now Hatch Regeneris). Stephen is a former government economist and highly experienced economics consultant. He has over 35 years of experience working as an economist in both the public and private sectors. His clients include major companies, large developers, central government departments, international bodies, local government and economic development bodies including Local Enterprise Partnerships.

Stephen is an expert in the assessment of the socio-economic impacts of wide range of economic activities and project. He has provided advice on a wide range of employment land needs and supply assessments including acting as an expert advisor for the Greater Manchester Combined Authority on these matters for their Strategic Framework. He has also carried out economic and housing needs assessment and forecasts across a wide range of areas throughout the UK.

1. Introduction and summary findings

Scope and purpose of the report

- 1.1 Hodgetts Estates are seeking permission for the development of a circa 32 hectare strategic employment site located at the north-east quadrant of Junction 10 of the M42 for up to 100,000 sqm of Use Class B2, B8 and E(g)(iii) employment floorspace (the “Proposed Development”).
- 1.2 Nicol Economics was appointed by Hodgetts Estates in October 2020 to carry out an economic assessment of the need for employment land that would be met by this Proposed Development.
- 1.3 This report has been produced in parallel with a research report by JLL¹ that explores in some detail the market data on demand and supply of employment sites. This is referred to as the “JLL Employment Land Statement”.

Key findings

The nature of the location

- 1) The Proposed Development would be at a **strategic, sustainable and accessible** location, immediately adjacent to Junction 10 of the M42 motorway and in close proximity to the nearby settlements of Tamworth, Dordon, Polesworth and Birchmoor.
- 2) It would sit on the important M42 corridor that has been identified as a prime location for strategic employment sites. It also sits on the A5 corridor, an important east – west freight route.
- 3) It is very close to Birch Coppice Business Park and its rail freight interchange, 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 Instamarc) and major regional and national firms. It is also very close to the successful Core 42 and St. Modwen Park Tamworth logistics park developments.

The role of North Warwickshire in the regional economy

- 4) North Warwickshire has an **extremely “open” economy** driven by its geography and location. There are high levels of in and out-commuting with strong links to the surrounding towns and cities (Birmingham, Coventry, Nuneaton and Tamworth).
- 5) There is a particularly high level of economic and labour market interconnectedness between **Tamworth and North Warwickshire** and a strong dependency of Tamworth on North Warwickshire for the provision of jobs (as well as employment space).
- 6) The North Warwickshire economy has been a **stellar performer** in a sub-regional and regional context, with strong levels of jobs and economic value creation over the last 15 years. This role has been in large part driven by the development of major sites in the borough (Birch Coppice and Hams Hall). In contrast, the economy of Tamworth in terms of jobs (and GVA and business space) has grown very little over the last 10 to 15 years. There are many significant national and international businesses operating in the borough, in

¹ “Research Report, Employment Land Statement, Land North East of Junction 10, M42, Dordon”, JLL, September 2021

some cases for quite some time, attracted by its excellent central location and connections as well as its location in the heart of the UK's automotive sector (eg Aldi, BMW, JLR, Euro Auto Parts, Ocado etc).

- 7) However, during 2020 the **impact of Covid-19 has adversely impacted** on the national, regional and local economy with significant rises in unemployment recorded, creating uncertainty over future prospects. As of June 2021, the total level of claimants across North Warwickshire and Tamworth was around 12,800 above pre-Covid levels and there were still 5,000 residents of the two area on the national furlough scheme.

Policy drivers

- 8) There is national support recognising the importance of the logistics sector to the efficient operation of the modern economy.
- 9) National planning policy states that *“significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development”* with a particular focus on enabling conditions in which would allow *“each area to build on its strengths”*².
- 10) Furthermore, national planning policy recognises that the specific land use requirement of the logistics sector need to be catered for at a *“variety of scales and in suitably accessible locations”*³. There should be co-operation across boundaries to assess the needs for and supply of sites for the larger scale logistics sectors (for suitable functional economic market areas).
- 11) At both a sub-regional and regional level the importance of the logistics sector has been highlighted in a stream of documents, as has the **need for strategic sites** (over 25 hectares) given the serious deficiency of good quality strategic sites across the region. This gap has been identified as most acute in Coventry and Warwickshire; a position reinforced in the recently published updated West Midlands Strategic Employment Sites Study (WMSESS)⁴
- 12) At a local level in North Warwickshire the work in preparing the Core Strategy and now the Local Plan has, in a series of at times arbitrary ways, sought to only quantify and provide for “local” need for employment land. The recent Examination of the draft Local Plan clarified that the proposed allocation of 100 hectares for the 2011 to 2033 period would only cater for “local need”.
- 13) Policy LP6 has been introduced to recognise the role North Warwickshire could play in meeting wider need as this is explicitly not included in current allocations and provision.
- 14) As a severely under bounded local authority, Tamworth's need for employment land and housing cannot be met within its local authority area and a significant proportion has been and will need to be met by sites in North Warwickshire.

² Paragraph 81, National Planning Policy Framework, Ministry of Housing, Communities & Local Government, July 2021.

³ Paragraph 83, National Planning Policy Framework, Ministry of Housing, Communities & Local Government, July 2021.

⁴ West Midlands Strategic Employment Sites Study, Avison Young, May 2021.

The role of the logistics sector

- 15) The logistics sector offers a wide range of job opportunities at all levels including managerial and technical jobs. Within the West Midlands on average jobs are as well paid as the all sector average for full-time jobs and are much more likely to offer full-time employment.
- 16) Logistics facilities can and do often have headquarter and other management functions attached to them and provide substantial number of office based (c. 25%) managerial (c. 10%) jobs.
- 17) The recent experience of Covid-19 has highlighted the **critical importance of the logistics sector** in providing efficient supply chains to support industry and, especially, internet-based retailing.

Evidence on the need for employment land

Local

- 18) There is clear evidence of **very strong historic demand and take-up** in North Warwickshire. Industrial floorspace has grown at a rate far greater than surrounding areas. Excluding the one-off Baddersley Colliery development, annual take-up has average 15 hectares over the eight years from 2011/12 onwards.
- 19) Over an 18 year period the amount of net new space indicated by the average annual growth in the stock (47,000 sqm) is equivalent to 10.5 hectares a year.
- 20) The approach to assessing “local” need that underpins the Local Plan is **both flawed as a concept and extremely sensitive to the assumptions** made. A series of arbitrary adjustments have been made in the different steps to determine local need either for what are rather parochially called “local” firms or more recently to meet projected extra local residential population growth of those of working age. The approach taken to dealing with commuting flows, the share of Use Class B8 jobs in forecast future jobs and for the margin are all likely to understate the assessed “local need”.

Sub-regional, regional and national

- 21) A range of studies have assessed the need for new employment land for a variety of spatial levels and time periods within the West Midlands. The most recent regional studies suggest a need of around 100 to 110 hectares per year across the whole West Midlands region.
- 22) The most recent study covering the CWLEP area identified an assessed need of 25 to 30 hectares a year of land for new development.
- 23) The “Area A” corridor had an assessed need of at least 20 hectares per year.
- 24) The 2021 WMSESS identifies an area (“Area 2”) which is to all extent and purposes identical to the Area A in the 2015 study, and is shown as an area of very strong demand and market need. The application site is located within this identified area of very strong demand and market need.
- 25) The importance of well-located strategic sites of at least 25 hectares has been identified in all regional studies.

- 26) The most recent evidence is that the **impact of Covid-19 and in part Brexit has accelerated the need for well-located efficient logistics space** to serve the needs of an increasingly on-line economy. This need is also being driven by the higher stocks needed to be held to reflect the potential disruption to globalised supply chains. Also the likelihood of a major increase in the re-shoring of manufacturing back to the UK is likely to drive up the demand for space.

Evidence on the supply

- 27) At a local level within North Warwickshire the headline apparent level of employment land supply (of some 104 hectares) is misleading. Two of the existing planning permissions are very unlikely to be implemented and these sites are not in effect part of the supply, leaving 81 hectares of current supply.
- 28) Within this supply, two of the future allocations (E1 and E4) have very specific uses which would restrict their availability to a wide range of occupiers and local businesses (and in the case of E4 excludes in effect any significant B8 uses). The aspirations for the 42 hectare extension to MIRA Technology Park are ambitious and focused on R&D and advanced engineering businesses (with also a desire for some small incubator units). This role of the site is important for the North Warwickshire and wider sub-regional economy; however it means the site is not aimed at general business use.
- 29) This leaves around in effect just **24 hectares left of general employment land** in the borough for the remainder of the Local Plan period.
- 30) Tamworth has an extremely constrained employment land supply and relies on North Warwickshire to help deliver its need.
- 31) At a wider level, there is reasonable supply at present across the whole Golden Triangle area that is suitable for large scale users (which sits largely within the East Midlands). However, supply is very much more constrained in the M42 corridor and in Area A/Area 2 in particular.
- 32) In terms of available land for development in Area A/Area 2, there is the equivalent of around 72 hectares (land and buildings) that is available now and overall around 61 hectares excluding buildings. This available and future supply is dominated by the Peddimore site.

Implications of the balance between need and supply

- 33) At a wider level across Area A/Area 2 there is, based on average take-up rate over the last 5 years, **just 2.5 years of supply of land and buildings and 2.2 years for land only**. This is much lower than the estimated 3.7 years of land only supply that was assessed in 2015 in the West Midlands Strategic Employment Sites Study for Area A.
- 34) Therefore across the key wider market area that covers the Proposed Development and extends beyond the North Warwickshire area there is **serious shortage of sites for larger uses**. Peddimore is the only site that can fulfil the need for strategic site and providing significant space for large scale occupiers. This will create strong pressure on any remaining sites in the M42 corridor/Area A. The rapid development of the St Modwen's Tamworth Logistics Park is evidence of this. The evidence as set out in the accompanying JLL report as well as the recently published regional strategic employment sites study both point very

clearly to “an immediate need for employment land in Area A”, which is the key consideration set out in new Policy LP6 of the Local Plan as recommended by the Local Plan Inspector during examination.

- 35) There are very strong economic drivers that make Area A/Area 2 and within it North Warwickshire an attractive location to a wide range of businesses. Market forces means that regional, national and international business want to locate there for a variety of reasons:
- Proximity to automotive firms such as BMW and JLR to support the supply chain.
 - Excellent wider connectivity.
 - Access to a large labour market in surrounding areas.
- 36) These pressures will remain present whether or not NWBC allocates sites. This means an approach that tries to tie the provision of sites to some measure of local need is inherently flawed as demand from “non-local” firms (however defined) will tend to compete for space and push up land/property costs and so reduce availability for and the competitiveness of “local” firms.
- 37) This process will be all the stronger if there is limited supply for wider, regional need in surrounding areas elsewhere along the M42 corridor (as there is at present).
- 38) Furthermore, focusing on “local need” ignores the important role that non-local firms have had and will continue to have in providing local jobs for local residents (eg Aldi, Ocado, BMW, Euro Car Parts etc). It ignores the potential need for firms that are now well-established in North Warwickshire (but are not small “local” firms) seeking to expand in situ (as has happened in the case of Ocado, Aldi and Euro Car Parts in recent years).
- 39) The 24 hectares left of general employment land in the borough that can accommodate normal industrial and logistics occupiers amounts to around 2.0 hectares of land per annum for the remainder of the Local Plan period. This is **far below historic take-up rates** and even well below the average annual “local” need identified in the work for the Local Plan of around 5 hectares averaged over the Local Plan period.
- 40) The combination of strong demand for large scale logistics and industrial occupiers to locate in the M42 corridor, coupled with very limited supply will create extremely strong pressure on the identified remaining “local” supply in North Warwickshire. The market and occupiers do not distinguish between regional and local supply. The limited available supply in North Warwickshire has and will continue to disappear rapidly.
- 41) The consequence is likely to be that the available supply of good quality sites for business in North Warwickshire and Tamworth (“local” as well as “non-local”) will shrink (and become more expensive) with adverse impacts of businesses scope to grow locally. This will either constrain local firms’ ability to grow or push this need to locations further afield (with concomitant potential adverse impacts on environmental and social sustainability).
- 42) Therefore as well as meeting wider immediate needs as identified in Policy LP6, the site will also help address local need and ensure there remains a reasonable supply of land for employment uses in the borough and help sustain a range of choices for firms already located in the NWBC area.

The role of the Proposed Development in meeting need

- 43) The circa 32 hectare Proposed Development site has the capacity to accommodate up to 100,000 sqm of employment development.
- 44) This will fulfil two needs: (a) the wider regional need as identified in new policy LP6; and (b) the identified gap in local supply (even using the Local Plan's limited approach to assessing needs). This will help both the local and wider regional economy to continue to thrive and prosper.
- 45) The development would directly support of the order of 260 to 280 person years of construction employment. Once fully operational It will deliver much needed employment of the range from approximately 1,250 FTE up to potentially 2,050 FTE jobs. These jobs will be readily accessible to residents from areas of very significant deprivation in the Tamworth urban area and also North Warwickshire, entering the labour market or out of work and seeking work.
- 46) In the light of the economic shock created by Covid-19 these benefits are all the more welcome. As of June 2021, across North Warwickshire and Tamworth the total number of claimants was some 1,800 higher than in March 2020 pre-pandemic as well as some 5,000 residents still on the furlough scheme. Consequently, there is a strong economic need case in support of the Proposed Development.

2. Economic context for the development

The location of the Proposed Development

- 2.1 The Proposed Development site is located at the north east quadrant of Junction 10 of the M42 and north of the A5, opposite from St Modwen Park Tamworth.
- 2.2 The site measures circa 32.4 hectares (80.6 acres) and lies outside of the Green Belt. It lies in a larger area of Strategic Gap (proposed Policy LP5) but is otherwise is not subject to any significant constraints. Its effective net developable area is 20.48 hectares.

Figure 2.1: Location of Dordon site



Source: Bing Maps. Note: area shown for site is indicative only

The Proposed Development scheme

- 2.3 Permission is sought for a major employment development on land located at the north-east quadrant of Junction 10 of the M42 for up to 100,000 sqm of mixed Class B2, B8 and E(g)(iii) employment floorspace.
- 2.4 The majority of the floorspace is intended to be for Use Class B8 (storage and distribution) floorspace (sometimes called “Big Box” developments). The indicative masterplan envisages a mix of large scale units where the precise size and configuration will need to respond to market demands and occupiers needs. In addition, the Proposed Development provides for a minimum of 7,000 sqm (c. 75,000 sq. ft) of smaller units, ranging from 500 sqm to 20,000 sqm to cater for the needs of local SMEs.

Importance of the geographic location

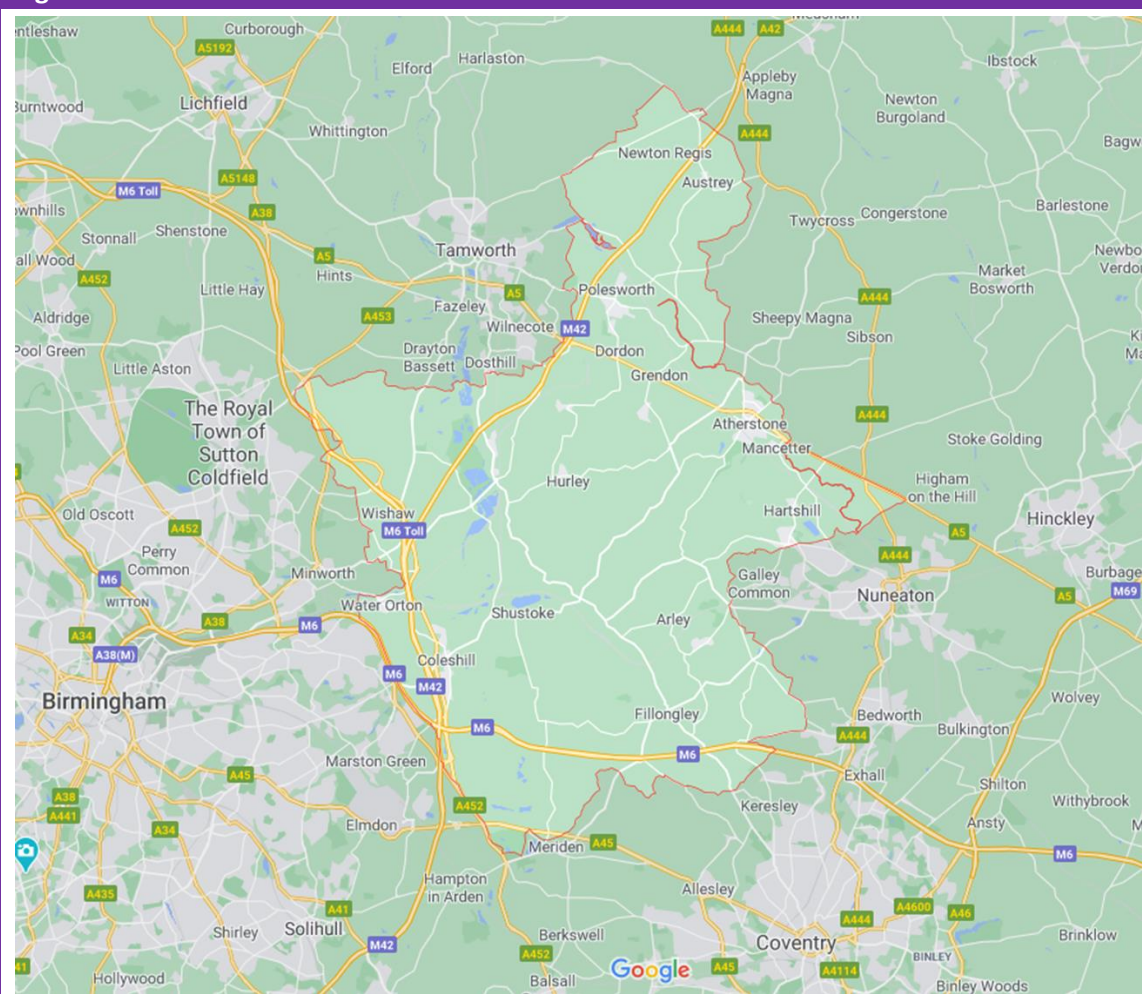
- 2.5 As stated, the site is located on the northeast quadrant of the M42 motorway and north of the A5 which is already the location for several new and existing successful business parks, namely:
- The well-established Birch Coppice Business Park (and its current extension, Core 42)
 - St Modwen Park Tamworth
 - Centurion Park and Relay Park (both in Tamworth district).
- 2.6 The A5 corridor has been identified in the North Warwickshire Local Plan as a key development corridor for growth.
- 2.7 Although the site is located inside the North Warwickshire Borough Council (NWBC) area it is very close to Tamworth district (the edge of the site is just 300 metres from the boundary of Tamworth which abuts Junction 10 of the M42). Unlike North Warwickshire, Tamworth is an “under bounded” local authority with limited space for employment (or housing) development to meet the borough’s needs. This is demonstrated by the respective population densities of the two local authority areas. At 2,474 people per square kilometre in 2019 the population density in Tamworth is over 10 times that of North Warwickshire (230 people per square kilometre)⁵. The important role that North Warwickshire has in accommodating growth and the needs of Tamworth (in terms of housing and employment land) is acknowledged in local policies. Notably, North Warwickshire has agreed to accommodate 8.5 hectares of Tamworth’s employment land requirement.
- 2.8 North Warwickshire district is an unusual area in geographical terms. It has no large settlements of its own but is surrounded by several major settlements/built up areas – Birmingham, Coventry, Nuneaton/Bedworth and Tamworth (see Figure 2.2). In North Warwickshire the largest three settlements in 2011 were Atherstone & Mancetter, Polesworth and Coleshill (whose combined populations at around 27,000 were 44% of the borough’s total of 62,000⁶). The settlements surrounding the district are much larger – Birmingham with its resident population of 1.14 million, Coventry 370,000, Nuneaton and Bedworth 130,000 and Tamworth 77,000⁷.

⁵ Source: Office for National Statistics (ONS) Mid-Year 2019 Population Estimates

⁶ Built Up Areas as defined by the ONS

⁷ All 2019 mid-year estimates for whole local authority areas

Figure 2.2: Location of North Warwickshire district

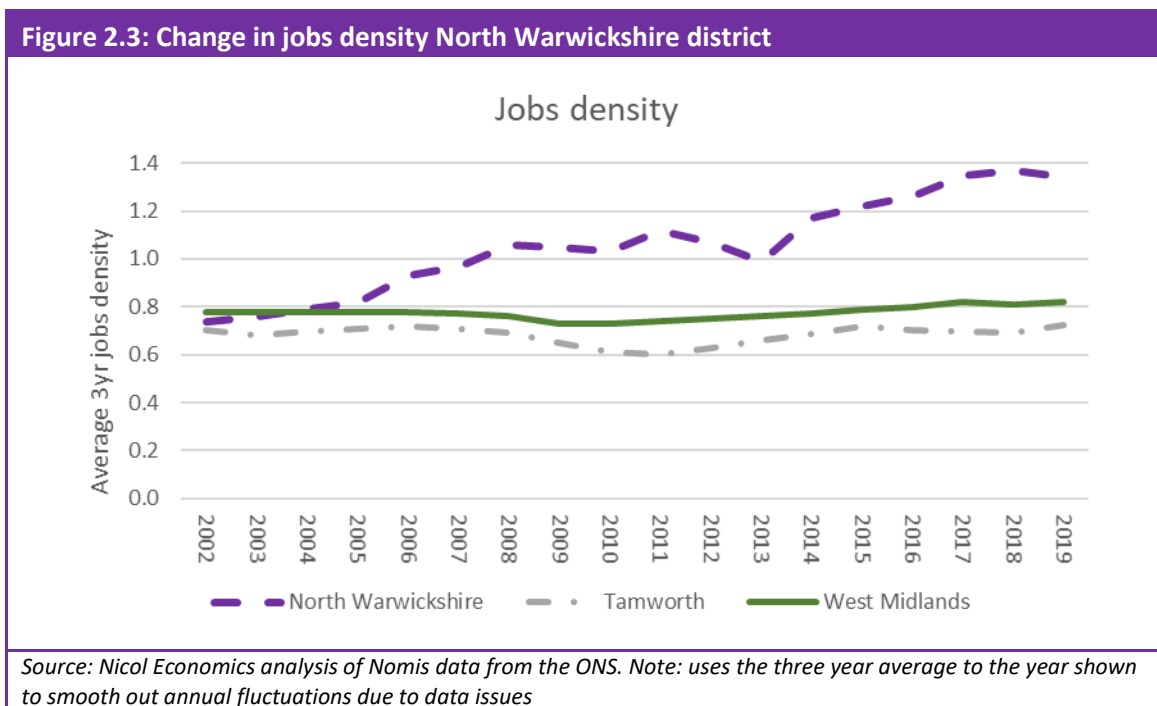


Source: Google Maps

- 2.9 The district is very well served in terms of transport connectivity. As the Core Strategy notes “major roads of national and regional significance pass through the Borough” (including the M6, M6 Toll, A5, M42, and A446) that all form part of the Strategic Road Network.
- 2.10 North Warwickshire’s location means that its economy to a large degree inevitably operates and services a **wider sub-regional or regional market** (as well as those of surrounding major urban areas) and faces an associated set of economic drivers. This is borne out both by commuting data from 2011 and recorded changes in the “jobs density” in North Warwickshire:
- In 2011 there was very significant net in-commuting to North Warwickshire with the area seeing 25,300 workers commuting into the district compared to 17,000 residents who commuted out (a net inflow of over 8,000); at 64%, the proportion of jobs in the local area filled by in-commuter was the highest of any district in Warwickshire.
 - The jobs density is a simple ratio of all jobs located in an area to the total population living in the area of working age (16 to 64). As can be seen from Figure 2.4 it has increased markedly over time in North Warwickshire (to a current ratio of around 1.35), whereas the ratio has fluctuated at around 0.7 in Tamworth (due to its under-bounded nature) and 0.8 for the whole region.

- The rise in jobs density in North Warwickshire is a reflection of the important role the area has played as an economic driver and location for employment for the wider sub-regional and West Midlands areas.

2.11 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).

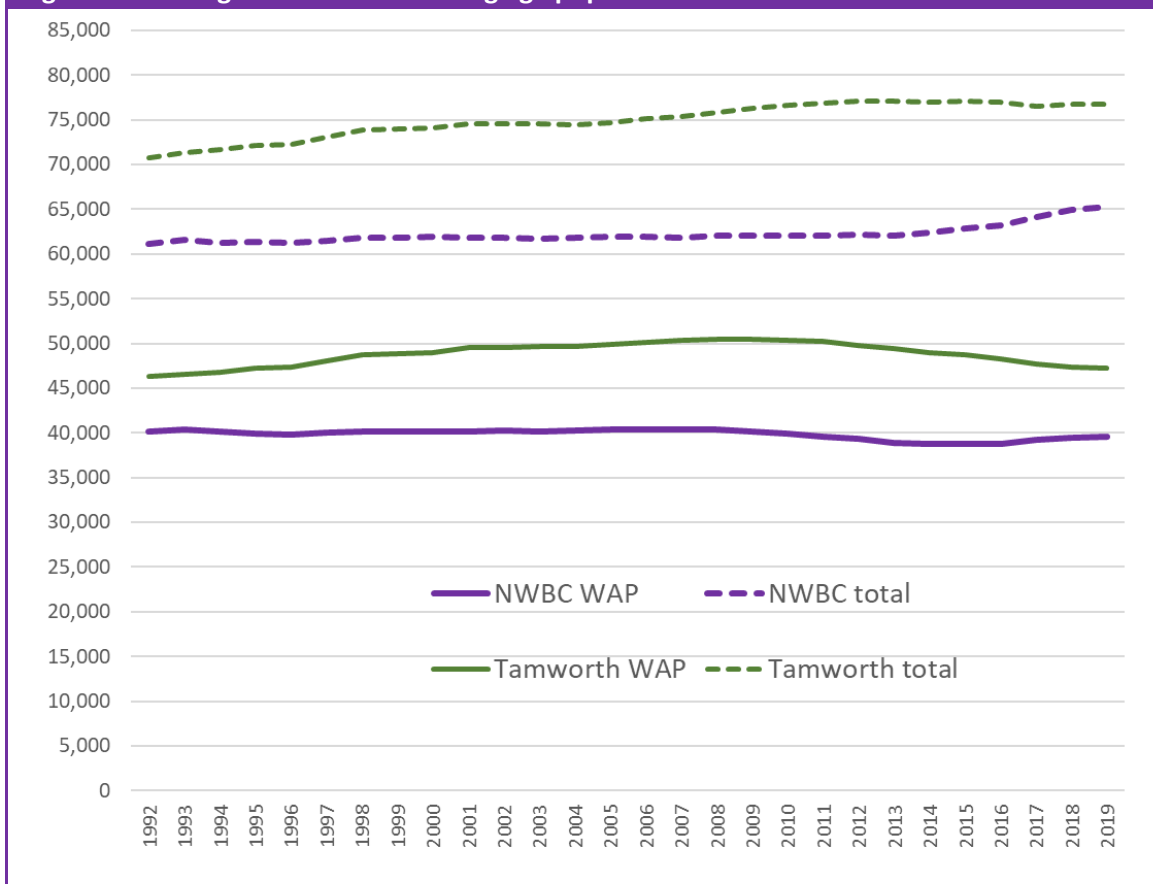


Economic and social change in North Warwickshire to early 2020

Population and labour supply

2.12 The current population of North Warwickshire is 65,300 of whom 39,600 are of working age (aged 16 to 64), neighbouring Tamworth has a population of 76,700 of whom 47,200 are of working age. As can be seen from Figure 2.4, total population has risen in both areas over the last 10 years (by 3,200 or 5% in North Warwickshire and just 400 or 1% in the case of Tamworth). However, the population of working age has fallen in both areas by respectively 1.% and 6.5% over the last 10 years. This is in contrast to growth of 4% and 3% in the regional and nationally.

Figure 2.4: Change in total and working age population North Warwickshire and Tamworth



Source: Nicol Economics analysis of Nomis data from the ONS. Note: WAP is the working age population or those aged 16 to 64

Overall performance of the local economies

Size of the economy

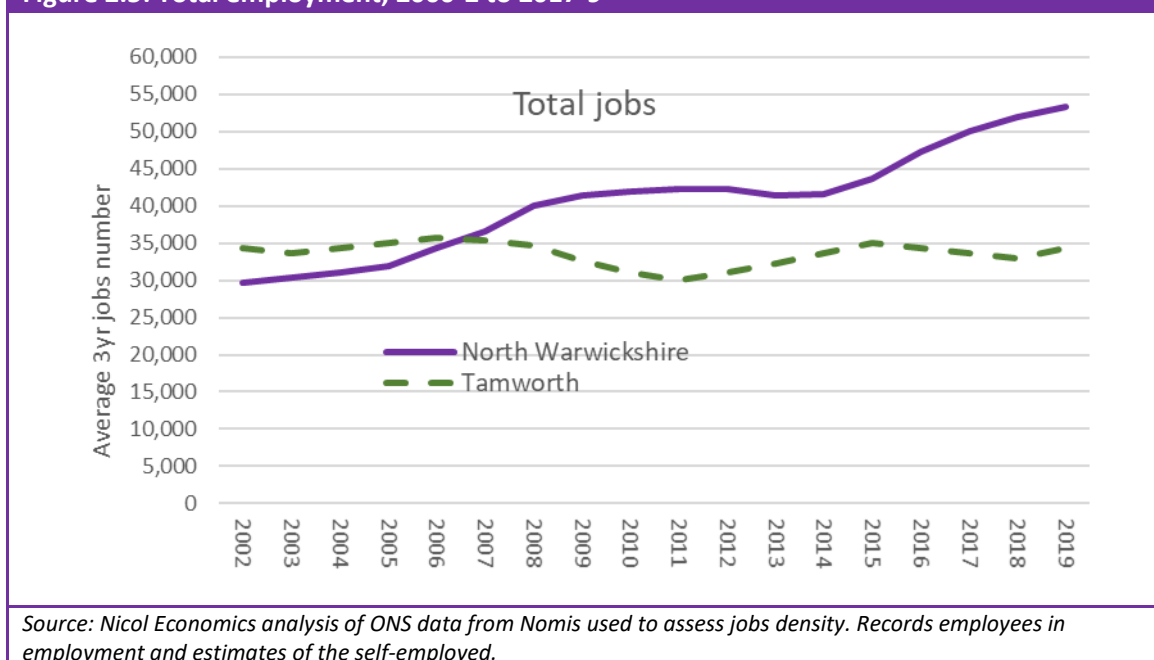
- 2.13 For 2018, which is the last year for which there is reliable data at a local authority area level, the estimated total size of the local economies (as measured by GVA) was £ 2.95 billion for North Warwickshire and £1.57 billion for Tamworth. Manufacturing accounted for 19% and 10% respectively of overall GVA respectively (for North Warwickshire higher than the 15% of employment but for Tamworth lower than the 15%). The transport and storage sector accounted for 16% and 5% of the two local economies respectively and wholesaling 9% and 13% respectively (and so combined 25% and 18% respectively, compared to the average for the West Midlands of just over 9%). Over the last 10 years for which data is available (2008 to 2018), North Warwickshire saw its economy grow at the second fastest rate of any local authority area in the West Midlands (surpassed only by Solihull) and at rate 20% faster than the region as a whole⁸.

⁸ Source: Regional Gross Value Added (Balanced) by Local Authority in the UK, December 2019. The rate of growth over the 5 years to 2018 was 90% faster than the regional rate

Employment – overall

- 2.14 North Warwickshire has seen strong employment growth over the last few decades across a range of sectors, but particularly in transportation and storage activity (the 2013 ELR noted that between 1997 and 2011 there had been a net increase of 7,200 jobs in this sector in North Warwickshire). We can compare the average overall levels of employment located in the area for the three years 2000 to 2002 (30,000 jobs employees and the self-employed) to the three years to 2019 of around 53,000 jobs⁹. This represents an increase of around 23,000 jobs or 80%. This large growth has been driven by the attractiveness of the area as a location for businesses and the success of the major employment locations in the borough (Hams Hall and Birch Coppice which have played an important role in the local, sub-regional and regional economies). The last four years saw the number of employees in North Warwickshire rise by 4,200 (10% over the period 2015 to 2019) to around 47,300, which is a rate of growth much faster than the recorded regional or national rates (5%).
- 2.15 In contrast, recorded numbers of employees in employment fell by around 1,000 (4%) in Tamworth over this same recent five year period and all employment remained static over the longer period (2000-2002 to 2017-2019). So, taken together, the level of jobs rose by 37% in Tamworth and North Warwickshire combined over the longer period, whilst for the last four years to 2019 the number of employees fell by 900 (3%) to around 29,000. As this shows, to a large extent North Warwickshire has **acted as a key source of jobs growth for the two local economies taken together** and has countered the rather under-bounded nature and lack of employment space in Tamworth.

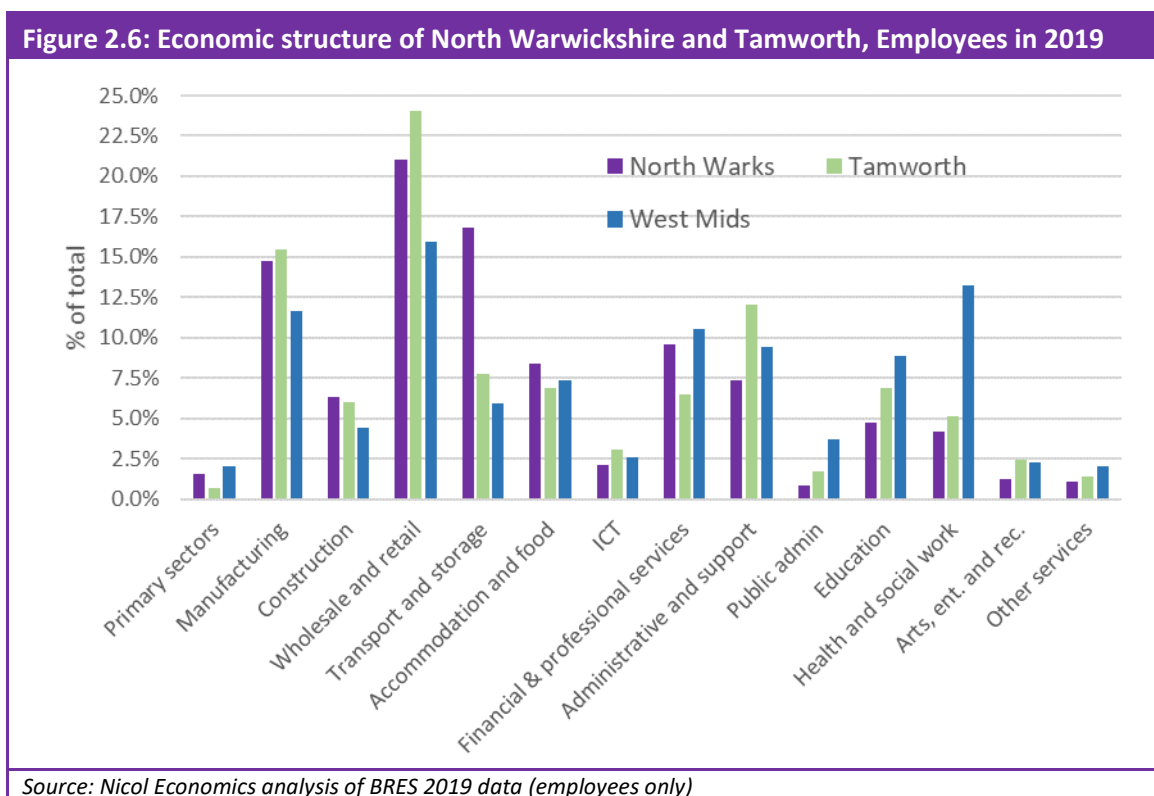
Figure 2.5: Total employment, 2000-2 to 2017-9



⁹ The three start and end years have been averaged to iron out fluctuations linked to measures of level of self-employment which fluctuate from year to year due to sampling errors in the main data source (Labour Force Survey and now Annual Population Survey)

Overall economic structure

- 2.16 A summary of the structures of the two local economies compared to the regional average is shown in Figure 2.6. In 2019 there were 47,500 and 29,000 employees jobs located in North Warwickshire and Tamworth respectively. The figure highlights the relative importance of manufacturing to the economies of both local areas; wholesaling and retailing in the case of Tamworth and also North Warwickshire; and transport and storage in the case of North Warwickshire.



- 2.17 However, this data needs careful interpretation. In the case of wholesale and retail sector in North Warwickshire the majority of retail jobs are not high street retail but 2/3rd of recorded retail jobs are in **online retail** (Ocado has over 2,000 jobs at Birch Coppice where it started operations in 2012 and recently announced that it planned to recruit more than 300 staff at its Customer Fulfilment Centre there late in 2020). Furthermore, the jobs associated with Euro Car Parts (see below) are classified as “sale of motor vehicle parts and accessories” rather than warehousing. Therefore roughly half of all jobs recorded in wholesaling and retailing in the district are actually in businesses that provide national/regional online-based customer fulfilment and require substantial warehousing.
- 2.18 The area is also home to the head office and main distribution centre in Atherstone of discount supermarket chain Aldi (which in part features in professional services employment data as “701 : Activities of head offices”). Aldi has had its HQ located there since the 1990s and employed 800 people at its Atherstone site and after a major £600 million expansion in 2014 announced it would employ 700 more office staff locally.

Birch Coppice Business Park

2.19 The development of Birch Coppice started in the late 1990s on a former colliery site and the business park has seen c. £350 million invested in it over the 20-year period. As of 2017, the Park was home to 6,500 jobs – of which over 2,000 of these were at the Ocado facility on site. Over 4.5 million sq. ft of space is occupied by food, retail, automotive, engineering, manufacturing and light assembly companies and it receives several freight trains a day into Birmingham Intermodal Freight Terminal. Apart from Ocado, other key business include:

- **Euro Car Parts** is the UK's leading distributor of parts for all makes of cars and light commercial vehicles. It has two National Distribution Centres at Birch Coppice after consolidating operations geographically in one location there and employs, we understand, around 1,000 staff.
- The 650,000 sq. ft national parts distribution centre of **Volkswagen**. The site owned and operated by CEVA Logistics, is used to store high-value vehicle accessories such as radios, CD players and Volkswagen badges.
- **Bunzl Catering Supplies** utilizes its global resource to a unbeatable range of catering disposables, food packaging and hygiene supplies to hotels, restaurants and caterers in the UK. Bunzl Catering Supplies operates a network of seven branches with its National Distribution Centre in Birch Coppice.
- **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** who are a just in time automotive supplier providing interior systems, wiring harness, electrical management systems and plastic components.
- **LQ Coatings** – large paint and body shop.
- **Paddock Gear & Engineering** - a precision manufacturer of gears for the power transmission industry
- **HIB** – a UK bathroom product manufacturer where Birch Coppice is the sole manufacturing and distribution site

Figure 2.7: Birch Coppice



Source: <https://www.birchcoppice.co.uk/occupiers>

Hams Hall

2.20 Hams Hall is a regionally strategic site at Lea Marston in the south of the district developed on the site of former power station at with a number of key occupiers:

- BMW’s engine plant that powers BMWs and Minis produced in the UK and exported to BMW plants abroad.
- Jaguar Land Rover (JLR) is investing in a 39,000 sqm Battery Assembly Centre for the battery units that will power JLR’s next generation of electric vehicles. The factory will be one of the largest of its kind in the UK, using new production techniques and technologies to manufacture battery packs for future vehicles from 2020.
- Logistics giant DHL has two locations at Hams Hall, serving their Automotive and Excel Supply Chain subsidiaries.
- Plastic Omnium is a leading automotive supplier with three facilities at Hams Hall.
- Beko has sold over 20 million appliances from their UK distribution hub at Hams Hall.
- Sainsbury’s operates one of their biggest regional logistics centres from Hams Hall.

Figure 2.8: Hams Hall Manufacturing and Distribution Park



Source: Prologis Hams Hall brochure

The economic impact of Covid-19 during 2020 and beyond

- 2.21 The period up to the end of 2019 was to some degree dominated by economic uncertainty associated with political events, most noticeably Brexit. However, since February/March 2020, the national and local economy has been dominated by the impacts of Covid-19 (although more recently the uncertainty about Brexit and the full departure from the EU has also had effects).
- 2.22 Some recessions are what economists like to call “cyclical” recessions; others are produced by unexpected “shocks” to economies. All shock-induced recessions have different characteristics and causes ranging from the oil prices rises of the early 1970s, the financial crisis of 2008 to the current Covid-19 induced recession. Covid-19 has led to an unprecedented disruption to the UK economy in a way that is very different from previous recessions for a combination of reasons:
- 1) The primary reason is that Covid-19 has created a **health induced recession** where the indirect effects of the government and societal response to the health issues is the primary cause of the recession, not underlying economic issues.
 - 2) Part of the recession is caused by a **dramatic fall in consumer demand** as a result of both government restrictions on what economic activity could take place (ie lock down measures) coupled with personal consumer choices in response to the health and economic impacts (people’s fear of catching coronavirus and the uncertainty and concerns over their financial futures). As we ease out of lock down, the government can control what citizens can and cannot do but they are unable make people return to previous spending patterns and levels if they do not want to do so.
 - 3) Part of the recession has been caused by a **slow-down/pause of business investment and activity due** to health restriction, reduced demand and uncertainty and lack confidence about the future. The immense financial cash flow and profitability pressures on businesses will have also contributed to greater caution about future investment¹⁰.
 - 4) Part of the cause of the recession was, initially at least, a **labour supply effect** as workers were forced to self-isolate, were unable to travel to work, had Covid-19 symptoms or were shielding members of their household.
 - 5) The recession was also in part caused by **disruptions to supply chains** caused by Covid-19 elsewhere in the UK or the world (particularly in China).
 - 6) Finally, unlike most other recessions **all economies across the world** are being affected to significant degrees. The last major recession of 2008 to 2010 in contrast largely impacted on the more advanced economies of Europe and North America (as a result of the financial interconnectedness of these economies). As this is not just a domestic demand recession, businesses are and will be less able to export their way out of the recession as markets elsewhere are depressed.
- 2.23 In the case of the UK, the impact of Covid-19 has overwhelmed, initially at least, another factor that was widely accepted as already acting as a drag on business investment which was **uncertainty over Brexit** (which has now to a significant degree disappeared with the new Trade and Cooperation Agreement (TCA) between the UK and the EU, although this is creating challenges in terms of importing and exporting to the EU).

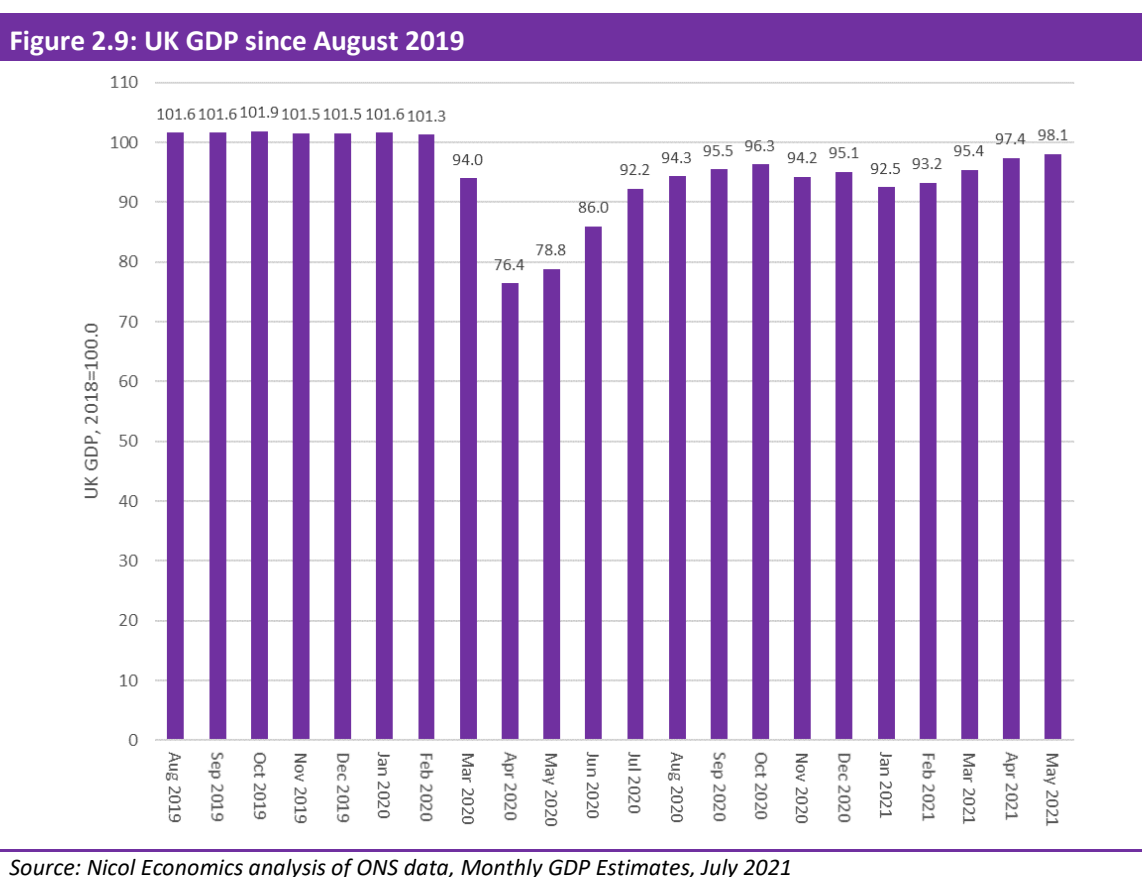
¹⁰ The decision by firms such as Airbus Industries and Rolls Royce to scale back production linked to the aviation sector is a good case in point

2.24 The effects of Covid-19 on the national and local economy have of course been offset by an unprecedented level of support and record levels of government borrowing. At a local level of particular importance has been Coronavirus Job Retention Scheme or furlough scheme, by the mid-June 2021 the total costs of this scheme had amounted to around £66 billion and had supported over 11 million employments. The self-employment income support scheme (SEISS) has been paid in four grant tranches and has cost £25 billion to date (June 2021) supporting 2.9 million self-employed.

National changes in economic output and employment during 2020

2.25 The latest estimates are that in the third quarter of 2020¹¹ (July to September) UK economic output was overall still 8.6% below where it was compared with the same quarter a year ago. By October 2020 UK GDP was estimated by the ONS as 23.4% higher than its April 2020 low. However, it remained 7.9% below the levels seen in February 2020, before the full impact of the coronavirus pandemic. GDP then dipped as further lockdowns occurred (in November and then January 2021). By May 2021 GDP was still below pre-pandemic levels (by 3%).

2.26 The service sector overall remains 3% below the February 2020 level, manufacturing 3% and only construction has recovered to reach pre-pandemic levels 6%.

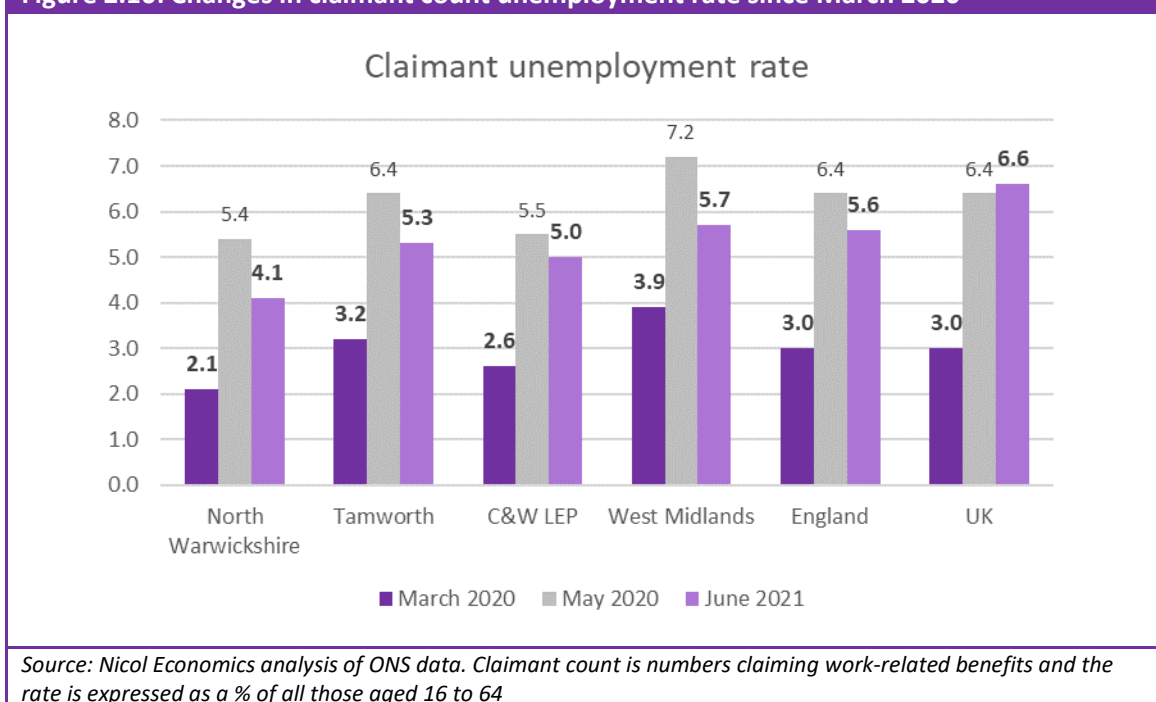


¹¹ ONS GDP quarterly national accounts, UK: July to September 2020, December 2020

Evidence of local impacts of Covid-19

2.27 North Warwickshire and Tamworth, like all areas, have seen their economies adversely impacted by Covid-19 during 2020. There was a rapid increase in the claimant unemployment rate in both areas between March and May 2020 (increases of 1,290 or 150% to 5.4% in the case of NWBC and 1,540 or 100% to 6.4% in the case of Tamworth). In both areas there have been reductions since then, so by October 2020 the claimant rates were respectively 5.0% and 6.1% but remain very considerably higher than the pre-Covid levels. There have been further falls to June 2021, but rates remain above pre-Covid levels. As of June 2021 across North Warwickshire and Tamworth the total number of claimants was some 1,800 higher than in March 2020 pre-pandemic¹². One likely reason for the recent fall in North Warwickshire is the evidence set out elsewhere of the success of the distribution sector generally and in the area.

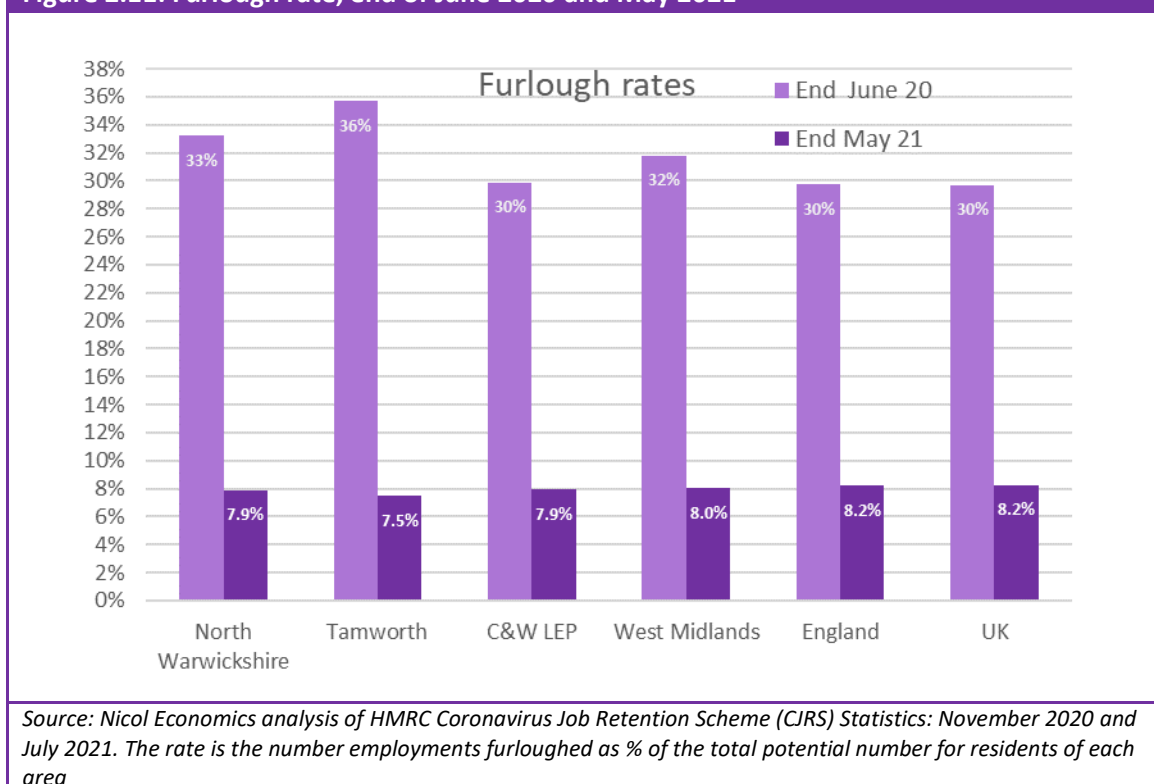
Figure 2.10: Changes in claimant count unemployment rate since March 2020



2.28 Of course in the local areas as nationally, the impact of Covid-19 on the economy is to a significant degree masked by the effect of the Coronavirus Jobs Retention Schemes (CJRS) also known as the **furlough scheme**. At the end of August 2020 there were 3,500 “employments” furloughed of residents in work living in North Warwickshire and 4,200 for residents of Tamworth. These had fallen to 2,500 and 3,200 respectively by the end of September 2020 (as at the time the furlough scheme was becoming less generous and unwinding). In both cases the rates were slightly above the national and regional averages. By June 2021 the numbers had further fallen to 2,300 and 2,700 respectively.

¹² 765 higher in North Warwickshire and 1,000 higher in the case of Tamworth

Figure 2.11: Furlough rate, end of June 2020 and May 2021



Conclusions and key points

- 1) North Warwickshire has an extremely open economy driven by its geography and location.
- 2) There is a very high level of economic and labour market interconnectedness between Tamworth and North Warwickshire and a strong dependency of Tamworth on North Warwickshire for jobs.
- 3) The North Warwickshire economy has been a stellar performer in a sub-regional and regional context, with strong levels of jobs and economic value creation.
- 4) There are many significant national and international businesses operating in the district in some cases for quite some time attracted by its excellent location and connections as well as its location in the heart of the UK's automotive sector (eg Aldi, BMW, JLR, Euro Auto Parts, Ocado etc).
- 5) However, during 2020 and 2021 to date the impact of Covid-19 has adversely impacted on the national, regional and local economy with significant rises in unemployment recorded, creating uncertainty over future prospects.

3. Economic policy context for the development

National level

- 3.1 There is limited clear national sectoral economic policy about the logistics sector. In November 2011, the then Coalition Government published the Logistics Growth Review¹³. The review highlighted that the sector was very important to the UK economy and that barriers to its growth needed to be removed:

“The logistics sector is a hugely important part of the UK economy. It is an important business in its own right, with the output of core logistics activities in 2009 accounting for almost 9% of UK GVA and around 7% of total employment. It is also 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”.

- 3.2 We discuss the implications of Covid-19 later on, but it is worthy of note that early on in the pandemic the UK government confirmed the work of the logistics sector was essential and should continue to the greatest extent possible through the Covid-19 crisis¹⁴.

- 3.3 The National Planning Policy Framework (NPPF) was first created in 2012 and has been subject to a number of revisions. All versions state the importance of supporting economic growth and the significant weight to be attached to this. The latest (July 2021) version states: *“planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development. The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future.”* (para 81).

- 3.4 NPPF also identifies the need to ensure the specific land use requirements of the **storage and distribution** sector is met:

*“Planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for storage and distribution operations **at a variety of scales and in suitably accessible locations**”.* (para 83, our emphasis added).

- 3.5 NPPF does not state how business and economic needs should be assessed. This is set out in Planning Policy Guidance (PPG). The relevant guidance is set out in paras 25 to 30 in the section on *“Housing and economic needs assessment”*. PPG states that strategic policy-making authorities need to prepare a robust evidence base to understand existing business needs, which will need to be kept under review to reflect local circumstances and market conditions.

- 3.6 PPG sets out a number of ways in which plan makers can assess future economic needs including: sectoral and employment forecasts and projections (ie future labour demand); demographically derived assessments of future employment needs (ie labour supply techniques); an analysis based on the past take-up of employment land and property; and consultations with relevant

¹³ *“The Logistics Growth Review - Connecting People with Goods”*, DfT, November 2011

¹⁴ Letter of 30th March 2020 from the DfT to the Road Haulage and the Freight Transport Associations

organisations, studies of business trends, and monitoring of business, economic and employment statistics.

- 3.7 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)”*.
- 3.8 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”*¹⁵.
- 3.9 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”*¹⁶. This is certainly the case for North Warwickshire as it is not a functional economic market area on its own.

Regional/Sub-Regional Policies

- 3.10 In 2014, 38 new Local Enterprise Partnerships (LEPs) were set up in England. These are a business-led partnership between local authorities and the private sector in each area. Their role is to determine local economic priorities and undertake activities to drive economic growth and the creation of jobs in their local areas.
- 3.11 Within the West Midlands there is a confusing geography of sub-regional arrangements. North Warwickshire sits within the Coventry and Warwickshire LEP area¹⁷. In contrast adjacent Tamworth currently sits within two LEP areas: the Greater Birmingham and Solihull LEP and the Stoke-on-Trent and Staffordshire LEP areas.
- 3.12 **Coventry and Warwickshire LEP (CWLEP)** produced an updated Strategic Economic Plan (or SEP)¹⁸ in 2016. This remains the most recent economic development plan specifically for this area. The SEP has a number of key strands relevant to this report including:
- The SEP emphasises the importance of *“Unlocking our Growth Potential”* which was one of the 2014 original SEP four themes by ensuring that *“there are appropriate and available employment sites to allow existing business to grow and to attract inward investment. The focus of intervention has been on major employment and innovation sites, all closely linked to the rail or strategic highway network and all within relatively close proximity”*.
 - It then states that *“the ambitious plans CWLEP and its partners have for the area, building on the very positive growth of key sectors in recent years, has driven the take up of land on high-*

¹⁵ PPG Paragraph: 031 Reference ID: 2a-031-20190722, Revision date: 22 07 2019

¹⁶ PPG Paragraph: 025 Reference ID: 2a-025-20190220, Revision date: 20 02 2019

¹⁷ Including the county of Warwickshire and the metropolitan district of the City of Coventry

¹⁸ With one strand being *“Unlocking Growth Potential”* (*“Due to rapid growth in the AME and logistics sectors, the SEP identified a scarcity of available employment land in the short term, making it a priority to unlock key development sites to support private investment, job creation and housing growth”*)

quality sites. These sites are now close to being exhausted and **future growth will be constrained unless currently proposed sites are delivered and future sites are identified** (our emphasis added).

- The SEP identifies logistics along with IT services, digital and creative industries, culture and tourism, professional and financial services and healthcare as “sectors that will make a significant contribution to growing the Coventry & Warwickshire economy”.
- 3.13 The SEP draws from the headline conclusions from the **CBRE Employment Land Study**¹⁹ commissioned by CWLEP which was published in August 2015. This provided an up-to-date assessment of the “Objectively Assessed Need” for employment land in Coventry & Warwickshire (of which more later).
- 3.14 North Warwickshire is not a constituent member of the **West Midlands Combined Authority**²⁰ (WMCA), rather it is a “non-constituent” local authority member of the WMCA (along with 10 others). The WMCA website states that NWBC is a member as the local authority recognises they “are part of a connected economy that covers most of the WMCA. Opportunities to enhance the West Midlands economy will directly benefit our residents and those who work in our area”. The West Midland Metro Mayor covers the WMCA core areas and was elected in 2017.
- 3.15 The WMCA has its own SEP²¹ that was published in 2016 that sets out the ambition that by 2030 the West Midlands will:
- Be the fastest growing economy of any city region.
 - Have wage levels rising faster than anywhere else in Britain.
 - See continued rapid growth of foreign direct investment.
- 3.16 In terms of specific outputs, the SEP’s ambition is that by 2030 the West Midlands will have:
- 1.9 million homes in total
 - 1,600 more hectares of employment land
 - 500,000 more jobs
 - a state-of-the-art transport system.
- 3.17 The SEP makes a number of familiar and points relevant to industrial/warehousing employment land. It notes under economic challenges and specifically sites for employment use that:
- “the area’s good track record of securing inward investment is in danger of being constrained by an impending **shortage of large strategic sites** with significant costs in land remediation and assembly needed in order to bring forward a pipeline of sites for employment use”* (our emphasis added).

¹⁹ “Employment Land Use Study, Coventry & Warwickshire”, CBRE, Report commissioned by Coventry & Warwickshire Local Enterprise Partnership, August 2015

²⁰ These are the six areas that were previously part of the West Midlands Metropolitan County area (including Coventry)

²¹ “Making our mark.....the West Midlands, the best region in the UK to do business”, West Midlands Combined Authority, June 2016

3.18 Following the production of the UK Government's National Industrial Strategy in 2017, all LEP areas in England were required to produce their own **Local industrial Strategies** (or LISs) that are focused on ways of delivering productivity improvements. The West Midlands was one of the first three areas in England to produce a LIS agreed with central government²². This LIS covered all three LEPs in the West Midlands who were involved in its development along with the West Midlands Combined Authority (WMCA).

3.19 The focus of the LIS was on sectors and technology that could drive up productivity across the West Midlands. However, under the Infrastructure productivity driver²³ the LIS noted that in respect of employment land:

"The West Midlands Land Commission concluded that the 'shortfall of land for employment space is at least as pressing as the shortage of land for new homes, and possibly more so'. This is most strongly the case in relation to those large scale, strategic sites that can have the greatest net additional impact on growth and jobs. Similarly, there is a challenge for incubation space as well as growth on space to support agile and mobile economic activity.

*These **issues are most severe in Coventry and Warwickshire**, but across the region there is a significant gap in good quality employment land"* [our emphasis added]

3.20 The West Midlands Land Commission (WMLC) report referred to in the LIS was produced in early 2017²⁴ for the WMCA to help inform thinking about the supply of employment land. The WMLC was an independent, time-limited Commission. It was set up in Spring 2016 to take a "*fresh look at West Midlands land supply, and to consider what measures could be initiated and undertaken to ensure an improved supply of developable land from both a strategic and a regional perspective*". It covered the whole of the West Midlands region including the CWLEP area and considered both housing and employment land.

3.21 In respect of employment land its key findings were:

- Manufacturing and distribution uses were merging closely into one market across the West Midlands.
- The West Midlands industrial market was one of the most important employment land markets in the UK.
- The original "Golden Triangle" in the East Midlands, around Daventry and Lutterworth (and including the far eastern fringe of the West Midlands) had expanded to include the eastern half of Birmingham, the M42 Corridor, and the motorway-accessible parts of Coventry (this is largely the Area A referred to in the 2015 Regional Strategic Sites study and now Area 2 in WMSESS 2021).
- Based on a review of a wide range of evidence the Commission stated that "*the analysis and evidence reviewed by the Commission suggests that there is a **lack of allocated land for industrial purposes, in particular for strategic sites***" [para 11.44, our emphasis added].

²² "West Midlands Local Industrial Strategy", May 2019

²³ The other four drivers of productivity are: people, skills & employment; ideas and Innovation, business environment and place

²⁴ "West Midlands Land Commission": Final Report to the West Midlands Combined Authority Board, February 2017

- 3.22 The WMCA has also been developing a “**Spatial Investment & Delivery Plan**” (SIDP) for the region²⁵. The plan is intended to identify the key activities that will help unblock and speed up the delivery of new homes and new employment opportunities in the West Midlands region.
- 3.23 The draft SIDP notes that it: “*supports and reinforces a number of other strategic and local plans and strategies which underpin economic, productivity and housing growth across the region*” and that “*taken together, these strategies and plans promote a vision for the West Midlands through which, by 2031, the region will have equalised its net contribution to the UK economy through growth in both economy and population*”.
- 3.24 The SIDP re-iterates the definition of strategic sites (seen as of critical importance to the region) as ones that can:
- “attract nationally or internationally mobile economic activity (including both mobile businesses and the suppliers that serve them) providing accommodation that would not otherwise come forward through the local planning system, principally because a) they are large sites of at least 25 hectares and b) they may be in greenfield locations”.*
- 3.25 The document identifies a number of “Growth Corridors and Strategic Opportunity Areas” drawn from Local Plans and describes one (number 19) as the A5 Corridor. This is described as a:
- “Growth corridor of sites along A5 from Rugby through Nuneaton, continuing into Tamworth, Lichfield and Cannock.... There are also strategic employment opportunities along the corridor including Tamworth at the A5/M42 junction²⁶”*

Local Policy

North Warwickshire

- 3.26 There is currently no stand-alone economic development strategy for North Warwickshire, it is subsumed within the wider LEP and other area strategies. The Local Plan documents are therefore most locally specific documents setting out the area’s economic aspirations and needs.
- 3.27 The **Core Strategy** was adopted in October 2014 and it is the current adopted spatial planning document for the area. It notes that North Warwickshire “*has a relatively low housing growth, whilst expansion of employment land, particularly for logistics, has been large compared to the rest of the West Midlands*”. It also notes that: “*the economy of the Borough, since the closure of the coal mines, has seen an increase in employment land, particularly logistics, but a decrease in manufacturing. Large brownfield sites, such as Hams Hall, Birch Coppice, and Kingsbury Link, have been used for development, mainly B8 (storage and distribution uses) the former two sites also benefit from intermodal rail freight interchanges*”.
- 3.28 The previous Regional Spatial Strategy excluded both Hams Hall and Birch Coppice from the NWBC local employment land requirement as these two sites were seen to deal with regional rather than local needs. The Core Strategy continued this approach and these two sites were not included in the assessment of supply.

²⁵ “*Spatial Investment & Delivery Plan*”, Revised Draft, For Housing & Land Delivery Board, February 2019. Note: there does not appear to be a finalised version of the Delivery Plan or not at least in the public domain

²⁶ As the document was prepared in 2019 when the current St Modwen scheme was already underway this must be referring to further future opportunities at this location

- 3.29 In respect of employment land the Core Strategy states that “*looking at the available evidence it has been decided to continue with the target to equate to 11 hectares over a 5 year period*”. Over the 18 year period of the Core Strategy (2011 to 2029) this equated to a total of 60 hectares (or around 3.3 hectares a year), which was the need requirement in the adopted Core Strategy. This was clearly a measure of local need and excluded any need generated by wider sub-regional or regional needs. The evidence base²⁷ used to support the Core Strategy explicitly treated over 80% of identified need as being of “regional” in nature and as such this was excluded from the assessment.
- 3.30 The Core Strategy makes no mention of future sub-regional or regional needs, nor how larger scale logistics requirements were to be met (the implication was that the Hams Hall and Birch Coppice allocations would provide sufficient capacity to meet future needs, but this was not made explicit and was criticised by the Core Strategy Inspector²⁸).
- 3.31 The new **Local Plan** has been under development for some considerable time and was finally adopted in September 2021. The Draft Local Plan was submitted for examination in March 2018 and underwent examination during 2018, 2019 and 2020. It covers the period to 2033. The approach of identifying “local” need has been continued to be the focus of quantifying the level of need for employment land in the area along with meeting the unmet needs of Tamworth.
- 3.32 This needs is assessed by a “reverse engineering” approach that works back from planned housing provision to labour supply to employment levels, then to employment land. This approach is examined later in the following Section 4 of this report. The approach ignores evidence of past take up or any other market signals. The submission version of the draft Local Plan in Policy LP6 (Amount of Development) stated that between 2011 and 2033 the need was around 100 hectares of employment land (or around 4.5 hectares a year which is a higher rate of development than in the Core Strategy). This was based on an assumed level of new housing growth of 9,600 dwellings being delivered between 2011 and 2033 that includes a significant share of need for surrounding areas.
- 3.33 The Local Plan Inspector issued his report in July 2021²⁹ and there are series of proposed Main Modifications which he has agreed³⁰. A key modification is MM40 (which is now LP6 – Additional Employment Land in the adopted Local Plan). This additional policy supplements Policy LP5 in the adopted Local Plan (Amount of Development) and is worded as follows:

“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,

²⁷ “*Employment Land Review Update for North Warwickshire Borough Council*”, GL Hearn, September 2013. It analysed take-up by unit size during the period from 2006 to 2012 across the distribution market in North Warwickshire and identified that only 14% of all take-up was in units less than 1,850 sqm (approx. 20,000 sqft) which is defined as “local” need as it did not consist of national businesses.

²⁸ The Inspector examining the Core Strategy concluded that a significant requirement for additional land for logistics use had been identified in the evidence base (the ELR Review Update) but that the Core Strategy did nothing at all to meet. He considered a more positive approach to this unmet need could be taken, but that a regional perspective was required. He recommended a modification to review the Core Strategy if further evidence produced at a regional level identified a need to increase the provision (which of course as we shall see it has)

²⁹ “*Report on the Examination of the North Warwickshire Local Plan*”, July 2021

³⁰ “*Main Modifications to NWBC Local Plan*”, July 2021

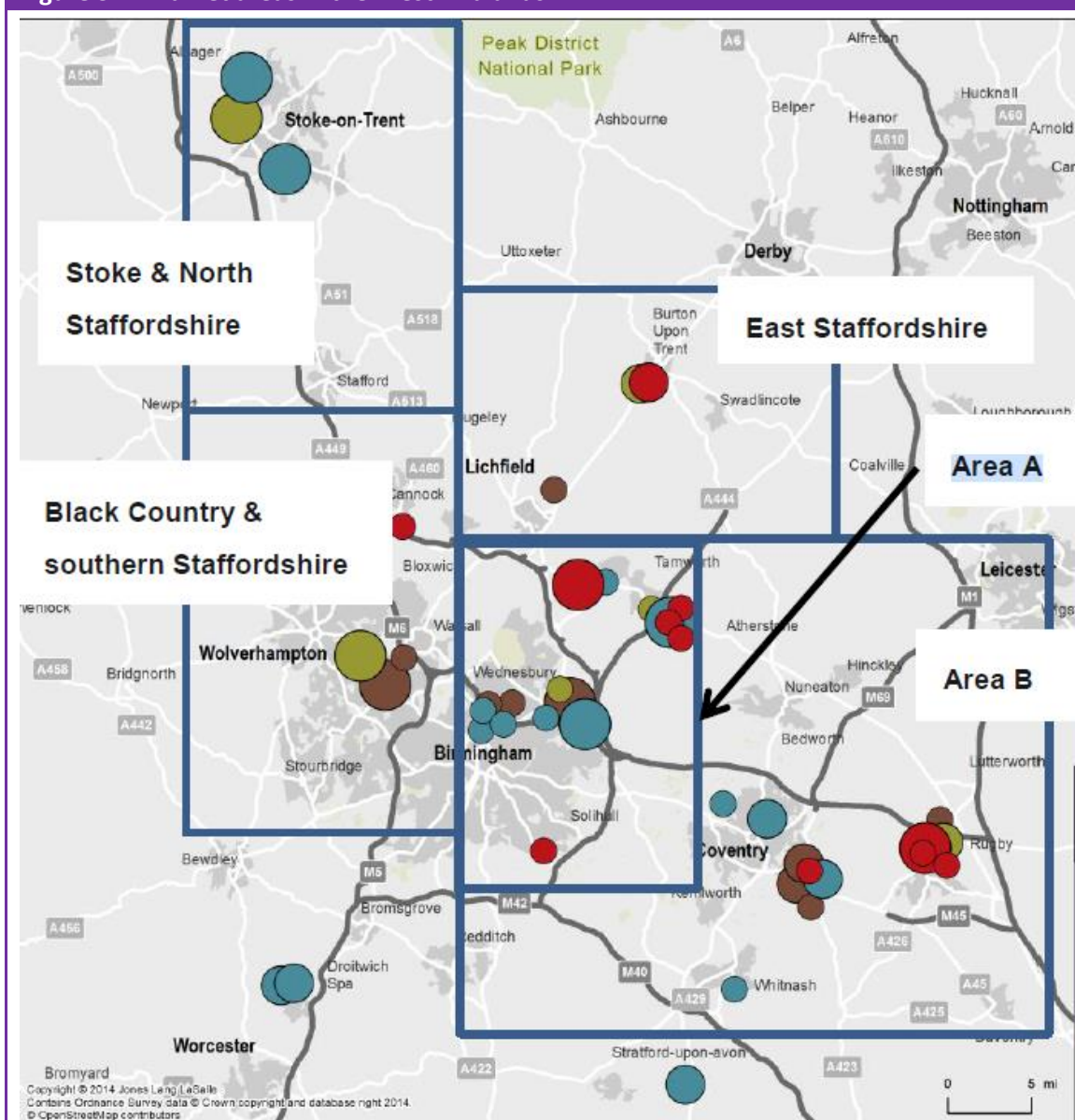
(ii) the site is reasonably accessible by a choice of modes of transport,

(iii) it is otherwise acceptable, taking account of the living conditions of those nearby.”

Area A encompasses land covered by the Strategic Gap, designated Green Belt, and land which is not in categories 1, 2, 3 or 4 of plan policy LP2. 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”.

3.34 The original Area A is shown in Figure 3.1. The successor study to the 2015 WMSES is the 2021 WMSESS. This defines an area - called Area 2 – which in effect is identical to Area A and this provides an up to date position on need which is supported by Policy LP6 in the adopted Local Plan.

Figure 3.1: Market areas in the West Midlands



Source: West Midlands Strategic Employment Sites Study, produced for the West Midlands Local Authority Chief Executives, by Peter Brett Associates and JLL, September 2015. The report described the demand for large-scale industrial space in the West Midlands is most intense along an 'M42 belt' that lies at the boundary between the

*Birmingham & Solihull LEP, Coventry & Warwickshire and Staffordshire (more specifically, where the boundaries of Birmingham, Solihull, North Warwickshire and Tamworth converge). This was **Area A**.*

- 3.35 The Inspector's report explains the rationale for this policy and makes a number of observations on employment land need and supply:
- He notes that *"various studies were referenced during the examination which point to the paucity of readily available land for large scale employment provision, particularly in respect of storage and distribution"* and that this was particularly the case in Area A (para 177).
 - That *"a significant proportion of North Warwickshire falls within WMSESS 'Area A'"* and that *"other studies corroborate the paucity of storage and distribution facilities at a strategic level"*. He also noted that *"there remains no clear evidence as to what level of development should necessarily be delivered in the Borough as opposed to elsewhere"*. (para 178).
 - The Inspector recognised that the Local Plan *"needs to address this issue"* (referring to NPPF para 17 and 82³¹) and that the new policy LP6 (in MM40) would *"would provide a clear basis for decision-taking where there is evidence of **immediate needs for employment land within WMSESS Area A**"* (para 179, our emphasis added).
 - The proposed monitoring indicator for LP6 was set out in Main Modification 120: *"amount of employment land provision delivered by Use Class and by hectare and square metre relative to evidence of immediate unmet need within Area A as defined in the West Midlands Strategic Employment Sites Study (September 2015) or subsequent iteration or similar strategic study"*. The Inspector stated that this indicator would *"thereby allow[ing] for robust assessment of trends over time in respect of different employment sectors"*.
- 3.36 Clearly, on the matter of wider strategic need for employment land beyond that required for NWBC's "local" needs the Inspector recognised that:
- 1) There was good evidence of this need
 - 2) North Warwickshire sits very much in this area of particular need (Area A or the "M42 Belt")
 - 3) If there was good evidence of an immediate need in this area then what is now adopted Policy LP6 would come into force which is supportive of meeting this need in North Warwickshire outside of existing employment allocations made in the Local Plan.
- 3.37 The Inspector made a number of important observations relevant to this proposal and this report:
- He commented on commuting and employment density: *"NWBC is an outlier amongst all GBHMA authorities in having the greatest jobs density relative to its population (i.e. the ratio of jobs per capita" ... "in 2011 the jobs density in the Borough stood at around 1.06 compared to 0.75 for the West Midlands, and 0.78 nationally";* (para 116); *"based on 2011 census data 31,418 residents in the Borough are in employment in North Warwickshire, whereas 39,768 individuals work in the Borough. Residents of North Warwickshire therefore occupy only around 0.79 of all jobs in the Borough. That represents a high level of in-commuting, the highest of any CWHMA authority"* (para 167); he also noted the importance of transport and logistics in new development *"approximately 87% of*

³¹ Presumably for para 82 in regard to policies needing to *"a) set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration"*

employment space delivered between 2006 and 2012 was, furthermore, related to storage and warehousing. That represents a distinct sectoral skew” (para 117).

- In respect of the proposed (local) need of 100 hectares of employment land over the period 2011 to 2033 the Inspector accepted this figure (although as we show in Section 4 there are some reasons why the figure could be subject to criticism).
- The Inspector also addresses the issue of the distinction between local, regional and national need: *“Given that many companies operate across broad geographies, there is a certain amount of semantics in categorising employment as either local, regional, national or international. However Birch Coppice and Hams Hall were consciously established to fulfil a regional requirement. Indeed establishing ‘needs’ for large scale employment provision serving national and international operations is well-nigh unquantifiable, as is establishing an appropriate functional economic area in that context”*. (Para 173, our emphasis added).
- He makes it clear that *“the 100ha requirement in policy LP6, consistent with its evidential justification, relates to land which is not at Birch Coppice or Hams Hall (given the particular circumstances related to their establishment)”* (para 174) [note this reference to Policy LP6 now relates to adopted Policy LP5].
- The Inspector also considers the supply of sites and concludes that *“completions, permissions and allocations setting aside Birch Coppice and Hams Hall would comfortably exceed an overall requirement of 100 hectares”* (para 175).

Tamworth

- 3.38 Like North Warwickshire, Tamworth has no specific local economic development strategy, but is part of both the GBSLEP area and the Staffordshire and Stoke LEP area. It is also non-constituent local authority member of the WMCA like North Warwickshire. The Tamworth Local Plan was adopted in February 2016, and covers the period from 2006 to 2031. The evidence for the Local Plan provided several projections for employment land needs, ranging from 25 hectares to 65 hectares. The Local Plan adopted a requirement of 32 hectares which was based on a projection of labour demand (i.e. aligned to housing growth) in a similar way to NWBC. The Local Plan Inspector considered this to be a cautious and appropriate approach, but only on the basis that it was set at a **minimum**.
- 3.39 The Local Plan identified a shortfall of at least 14 hectares that could not be delivered in Tamworth. It was agreed, through the Duty to Co-operate, that the 14 hectares would be accommodated within North Warwickshire and Lichfield of which 8.5 hectares was allocated to North Warwickshire. The NWBC Local Plan inspector in this regard states *“it is reasonable to view a distinct commitment by NWBC to provide 14ha of employment land towards meeting TBC’s needs as subsumed within that overall figure”* [ie the 100 hectares] (para 166).

Conclusions and key points

- 1) There is national support recognising the importance of the logistics sector to the efficient operation of the modern economy.
- 2) It is recognised that the specific land use requirement of the sector needs to be catered for at a *“variety of scales and in suitably accessible locations”* with a particular focus on enabling conditions in which would allow *“each area to build on its strengths”* (NPPF paras 81 and 83).

- 3) There should be co-operation across boundaries to assess the needs for and supply of sites for the larger scale logistics sectors (for suitable functional economic market areas).
- 4) At a both a sub-regional and regional level the importance of the logistics sector has been highlighted in a stream of documents, as has the need for strategic sites (over 25 hectares) and a deficiency of good quality strategic sites across the region. This gap has been identified as most acute in Coventry and Warwickshire.
- 5) At a local level in North Warwickshire the work in preparing the Core Strategy and now the Local Plan has in a series of at times arbitrary ways sought to only quantify “local” need for employment land.
- 6) As a severely under bounded local authority, Tamworth’s need for employment land and housing cannot be met within its local authority area and a significant proportion have been and will need to be met by sites in North Warwickshire.

4. Methodology used to assess North Warwickshire employment land needs

Local vs Regional

- 4.1 The key thread that has run through the Core Strategy and now the emerging Local Plan is that it is possible to distinguish meaningfully between “local” and “regional” (or at least non-local) need for employment land in North Warwickshire. This has been an argument deployed by the NWBC and its consultants (GL Hearn) which has been useful to their case because it means that many of the widely used methods of ascertaining needs, such as looking at past take-up and completion rates or employment forecasts can be and have been ignored.
- 4.2 The idea that flows through this approach is that “local need” can be defined as the extra land required to house or support the extra jobs associated with the extra housing planned in the local area. As we will see below, for a small and very open and permeable economy such as North Warwickshire, this approach is seriously flawed and is likely to lead to unintended consequences.

The methodology underpinning the Local Plan assessment of need

- 4.3 The GL Hearn method and the data and assumptions used is spread over several reports so can be difficult to follow³². It can however be boiled down to the following steps:
- Step 1: determine the relevant **housing growth** figure over the plan period (this was based on local housing projections and also different assumptions about meeting unmet need from other areas as has been the case for North Warwickshire).
 - Step 2: convert the housing growth in number of people of **working age** (in different age groups).
 - Step 3: convert the number of people of working age into those **in work** by applying assumptions about the proportion by age and gender who are in employment (ie employment rates).
 - Step 4: convert the number of people in work into the **number of jobs** taking account of “double jobbing”, GL Hearn state in their 2016 Addendum “statistics indicate that currently 5.1% of the workforce works more than one job”.
 - Step 5: convert the workforce into local jobs by assuming a **commuting rate**. GL Hearn assume that this rate is 1:1 (1 extra local job is required to meet 1 extra local person needing work).
 - Step 5: convert the extra local jobs in total to **jobs by sector**. GL Hearn use previous econometric forecasts for North Warwickshire but “adjusted” them to reduce the assume level of growth of distribution/logistics in the area.
 - Step 6: convert jobs to **land requirements** using employment and plot densities.

³² See Addendum to 2013 Employment Land Review, North Warwickshire Borough Council, , Final Report, GL Hearn, April 2016 (“**ELR 2016 Addendum**”) and North Warwickshire – Update to the Employment Land Review for the Period 2011-33, GL Hearn, September 2017 (“**ELR 2017 Update**”) and the Employment Land Review Update, North Warwickshire Borough Council, Final Report, GL Hearn, September 2013, (“**ELR 2013**”)

- Step 7: add a **margin** to the assessed need (GL Hearn argue this should be five years of need).

4.4 As can be seen, there are many steps involved in any such a calculation and the final result is extremely sensitive to the assumptions made, in particular those about:

- 1) The **age** of net new migrants living in North Warwickshire and their **propensity to work**
- 2) The nature of **commuting** flows
- 3) In what **sectors** any extra jobs growth will occur (and so to what degree this will require employment land space)
- 4) The **margin** used.

Age of new migrants associated with extra housing

4.5 The GL Hearn method, although it does not state this explicitly, is to use a demographic modelling approach to derive the age of migrants. The ELR 2016 Addendum notes that the modelling assumes:

- An “age profile of migrants consistent to that in the ONS 2012-based SNPP” (ie sub-national population projections which were then the most recent available source of population projections for the NWBC area). This, as the report notes, means “the profile of migrants shows a greater proportion of people of working age than is seen in the general population”.

The report states “to calculate workforce growth, consistent assumptions are made on the proportion of people in different age and sex groups who are in employment. This means that the higher housing growth scenarios show a larger proportional workforce growth than the lower growth scenarios”.

4.6 Although the assumptions about migration appear reasonable the GL Hearn method is very opaque as to how employment participation rates are assumed. However, the effect of their assumptions is that for additional housing over and above base growth in NWBC on average every new dwelling leads to a requirement of around 1.5 jobs (which is actually a not unreasonable ratio) as can be seen from Table 4.1.

Table 4.1: New dwellings scenarios and workforce growth, North Warwickshire 2011-31						
Housing growth scenario	New Dwellings (E)		Workforce (F)		Jobs (G)	% pa
Borough's need +						
A Coventry + Tamworth	5,280		3,234		3,410	0.60%
B Plus 3.3% of Birmingham HMA	6,540		5,109		5,380	0.70%
C Plus 6.6% of Birmingham HMA	7,800		6,983		7,360	0.90%
D Plus 10% of Birmingham HMA	9,070		8,874		9,350	1.00%
Change	E	F	G	F/E	G/F	G/E
A to B	1,260	1,875	1,970	149%	105%	156%
B to C	1,260	1,874	1,980	149%	106%	157%
C to D	1,270	1,891	1,990	149%	105%	157%

Source: Nicol Economic analysis of Table 10: GL Hearn (ELR 2016 Addendum). Note: Scenario D used to inform Local Plan

Commuting flows

- 4.7 Here GL Hearn with limited justification assume that there will be a “1 to 1 commuting ratio” in the future in assessing the jobs needed for further workforce growth. In other words, they assume that, in effect, all of the additional workforce will be working in the Borough and for each single job required by an extra resident this can be accommodated by creating one job locally. They argue that this “ensures that the calculated jobs growth figures represent a true alignment with housing growth and do not rely on maintaining existing commuting patterns”.
- 4.8 However, as we have seen in practice, the NWBC area has become a significant **net importer** of workers, so that for every 100 jobs created locally on average around 60% or more are filled by in-commuters. This is inevitable given the extremely open nature of the geography and demography of North Warwickshire (and to some degree the strong level of jobs growth there). There is no way of ensuring that extra jobs created in the area are more or less likely to be filled by local residents given the prevalence of these travel to work patterns. This underlines the very artificial and flawed nature of this approach to assessed “need”.
- 4.9 If the **actual ratio** of local jobs to local residents working in 2011 were to be used instead of the 1:1 ratio, then on average for every 100 extra jobs created locally 75 would be filled by a local residents (because of the high level of net in-commuting already in existence by 2011 which has further increased since 2011³³). This would, based on the methodology used by GL Hearn in the ELR 2017 Update, have led to a **126 hectares** estimated of employment land need over the period 2011 to 2033 rather than the 100 hectares assumed in the Local Plan. This shows the extreme sensitivity of this methodology to the assumptions made about commuting.
- 4.10 Using the actual measured rate of commuting flows (albeit an out of date one) as opposed to one assumed as more “desirable” in policy terms would reflect an approach rooted in the reality of how the economy operates (an “alignment with reality”). The current approach amounts to a “wishful thinking” approach which is based on a hypothetical form of alignment which will never materialise. In a large and relatively self-contained economy/labour market the approach and assumptions adopted by GL Hearn might have some merits, but as has been demonstrated earlier, North Warwickshire is far from being such an economy and labour market.

Sector growth

- 4.11 A further area of concern in the approach is the assumption made about the **nature of jobs growth** needed or likely to occur to meet the identified level of extra local jobs “needed”. The ELR Addendum 2016 report used as the starting point the earlier econometric forecasts supplied by Cambridge Econometrics (CE) dated March 2015 (previously used to assess housing need). The report notes that the earlier CE forecast for North Warwickshire was “adjusted” to provide what GL Hearn describe as a more realistic assessment of growth potential in the Borough. The key point was that this was based on a reduction in the levels of jobs growth in sectors relating to **warehouse and distribution uses**.
- 4.12 GL Hearn then developed four scenarios based on a complex process to determine sectoral composition consisting of:
1. Proportional sectoral growth up to the levels of growth in the CE forecast
 2. Estimate the number of additional jobs needed in sectors to service increased population

³³ As evidenced by the increase in the jobs density since 2011

3. Uplift to key sectors

4. Proportional sectoral growth in remaining sectors which are forecast growth in the CE dataset

5. Sectors which are not forecast growth in the CE forecasts are kept constant.

- 4.13 A critical factor in terms of the implications of employment land requirements is what assumed about the growth in what GL Hearn describe as the “warehousing and postal” sector and, ultimately, jobs located in B2/B8 space. Under Scenarios C and D, B8 jobs are assessed as contributing, as a result of the assumptions and adjustments made by GL Hearn, just over a third (36%) of all jobs or respectively 115 and 145 net new jobs a year over the 20 year period.
- 4.14 In their ELR 2016 Addendum report GL Hearn note that these levels of growth are “*below the historic growth rate for this sector in the Borough. The past trends data show that in North Warwickshire over the past 20 years (1991-2011) this sector has grown by around 4,500 jobs*” (or 225 jobs per year).
- 4.15 The key point is this approach to assessing needs is **very sensitive to the assumed level of future jobs in B8 sectors**. Roughly for every 1,000 extra or fewer jobs that are assumed to be in B8 sectors this increases or decreases the assessed need for employment land by around 18 hectares. It should be noted that attaching forecast jobs by industrial sectors to B8 space is in itself a complex and challenging task. In the case of North Warwickshire, as we have seen, there are important elements of traditionally non-B8 sector that are actually major distribution centres (such as the 2,000 plus jobs in on-line retailing in the Ocado national distribution centre). It is therefore highly likely that the GL Hearn method understates the likely growth in jobs requiring B8 space and so the overall level of need for land.

The assumption about the margin

- 4.16 GL Hearn state in the ELR 2016 Addendum, as Nicol Economics would agree is normal in any ELR, that there should be some form of “margin” between assessed need and the required level of supply. This margin they argue recognises the need for some flexibility to reflect or provide for:
- potential error margins associated with the forecasting process
 - some level of vacant floor space within functioning markets
 - a choice of sites to facilitate competition in the property market
 - any delays in individual sites coming forward.
- 4.17 The completions data reviewed in the ELR 2016 Addendum showed that since 2012 an average of 27 hectares of employment floorspace had been delivered each year in the North Warwickshire Borough Council area. However, GL Hearn argue this is “heavily skewed” by the level of delivery of large scale distribution uses and they note that completions for B8 uses make up 95% of all employment completions in the Borough. They argue this is primarily due to a number of large scale B8 developments in the Borough, which they consider are driven by “regional demand” rather than meeting “local needs”. In estimating a margin they **excluded all large scale (over 20 ha in size) B8 completions**. This resulted in an annual average “local” completion rate of 5.5 ha of employment land per annum giving an assumed five year margin of 27.4 ha.
- 4.18 Clearly, this assumption is arbitrary and indeed self-fulfilling and goes back to the artificial distinction between local and regional need and evidence of demand. It also presupposes that no employment completions on larger employment sites can in any way meet local need.

Conclusions

- 4.19 The approach to assessing “local” need that has underlain the Local Plan is both flawed as a concept and extremely sensitive to the assumptions made.

The methodology used

- 4.20 A series of arbitrary adjustment have been made in the different steps to determine local need either for what are rather parochially called “local” firms or more recently to meet projected extra local residential population growth of those of working age. The approach taken to dealing with commuting flows, the share of B8 jobs in forecasts future jobs and for the margin are all likely to understate the assessed “local need”.

The implications of restricting supply to “local needs”

- 4.21 As noted previously the Local Plan Inspector recognised the difficulties inherent in defining local, regional or national “need” in respect of employment land. The approach adopted in the Local Plan is to reverse engineer back from forecast housing to jobs to land and so in effect bypassing this debate.
- 4.22 However, there is simply no way of ignoring the key economic drivers that make North Warwickshire an attractive location to a wide range of businesses. Market forces means that regional, national and international businesses want to locate there for a variety of reasons:
- Proximity to automotive firms such as BMW and JLR to support the supply chain
 - Excellent wider connectivity
 - Access to a large labour market in surrounding areas.
- 4.23 This approach that tries to tie the provision of sites to some measure of local need is inherently flawed as:
- 1) Demand from “non-local” firms (however defined) will tend to compete for space and push up land/property costs and so reduce availability and for and the competitiveness of “local” firms.
 - 2) This process will be all the stronger if there is limited supply for so-called regional need in surrounding areas elsewhere along the M42 corridor (as there is at present).
 - 3) It ignores the important role that non-local firms have had and will continue to have in providing local jobs for local residents (eg Aldi, Ocado, BMW, Euro Car Parts etc).
 - 4) Critically it ignores the potential need for firms that are now well-established in North Warwickshire (but are not small “local” firms) seeking to expand in situ (as has happened in the case of Ocado, Aldi and Euro Car Parts in recent years).
- 4.24 This therefore emphasise the importance of Policy LP6 as a way of meeting these pressures related to the “*immediate need for employment land, or a certain type of employment land*”.

5. The nature and role of the logistics sector activity

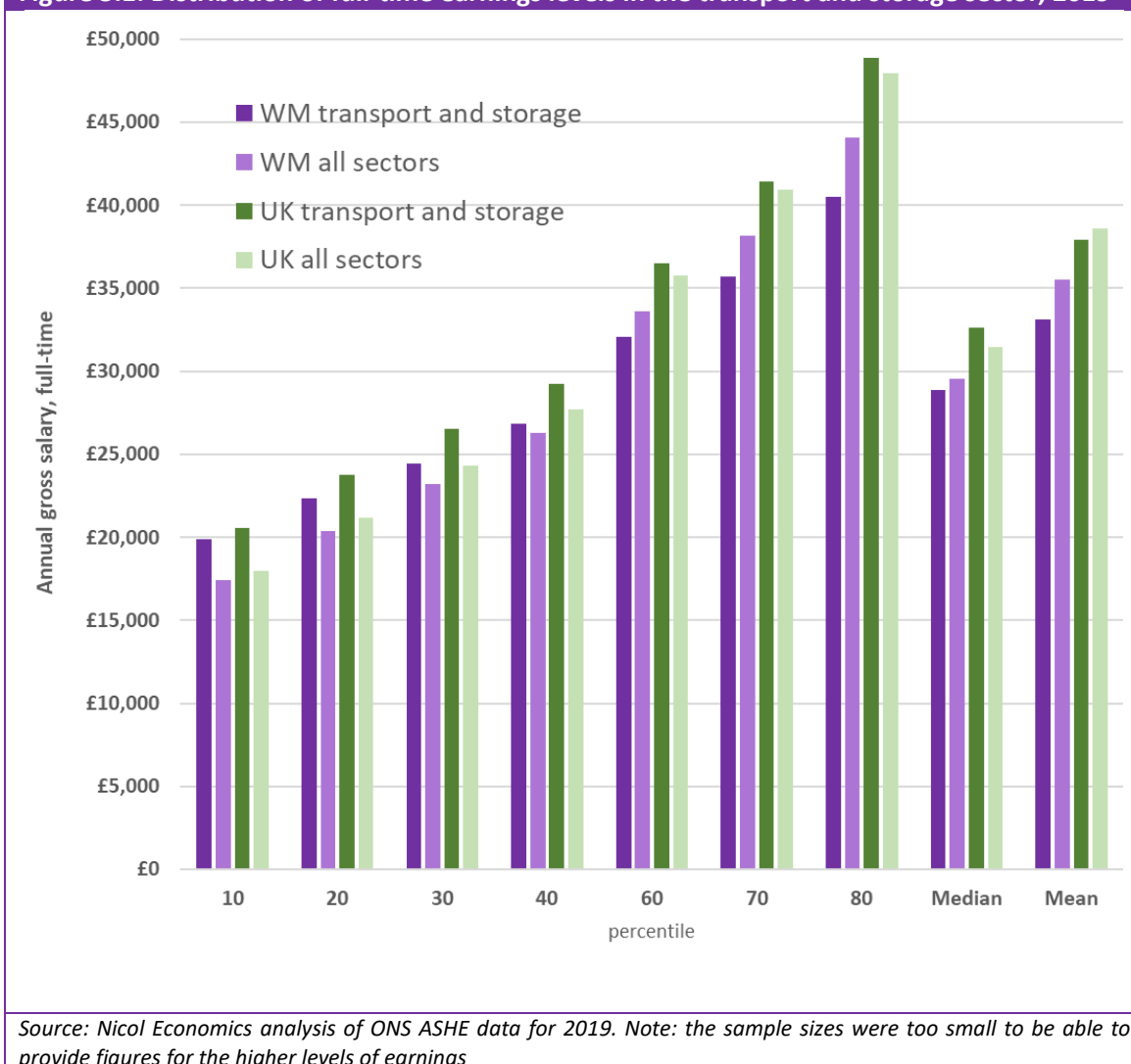
Type of economic activity and employment

- 5.1 The logistics sector supports a **wide range of jobs at different occupational levels and wage levels**, which is shown in Figures 5.1 and 5.2 below. Figure 5.1 uses data from the Annual Survey of Hours and Earnings (ASHE) undertaken by the ONS³⁴. The data is for full-time earnings in the transport and storage sector in 2019 for the UK and for the West Midlands region³⁵. As can be seen, there is a wide range of earnings levels in the sector:
- In the West Midlands annual earnings start at around £20,000 for the lowest 10% of workers rising to around £40,000 for the best paid workers in the sector (8th decile).
 - Median full-time annual earning levels for all employees in the sector (both full and part time) were £32,600 for the UK as a whole and £28,900 for the West Midlands region.
 - For all sectors of the economy the median earnings levels for full-time workers was £31,500 in the UK and for the West Midlands £29,500.
 - Therefore in the West Midlands the transport and distribution sector had very similar pay levels overall to the all sector average for full-time jobs.
 - Although not shown in the chart, for all workers (full and part time) the transport and distribution sector in the West Midlands is much better paid with average annual earnings of £28,000 compared to £24,600 for all sectors - reflecting the greater preponderance for full-time hours and fewer low paid part time jobs.
- 5.2 There is no comparable wages data available just for North Warwickshire, but there is no reason to believe it will differ markedly from the overall picture for the West Midlands 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.
- 5.3 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 2019, 75% of all employees in the area worked full-time rising to 88% for the whole transport and distribution sector and 90% for warehousing and support services. Across all of the CWLEP area the respective figures were 68% of all workers working full-time rising to 75% for the transport and distribution sector and then 80% for warehousing and support.

³⁴ 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

³⁵ The data is not reliable by sector below the level of a region

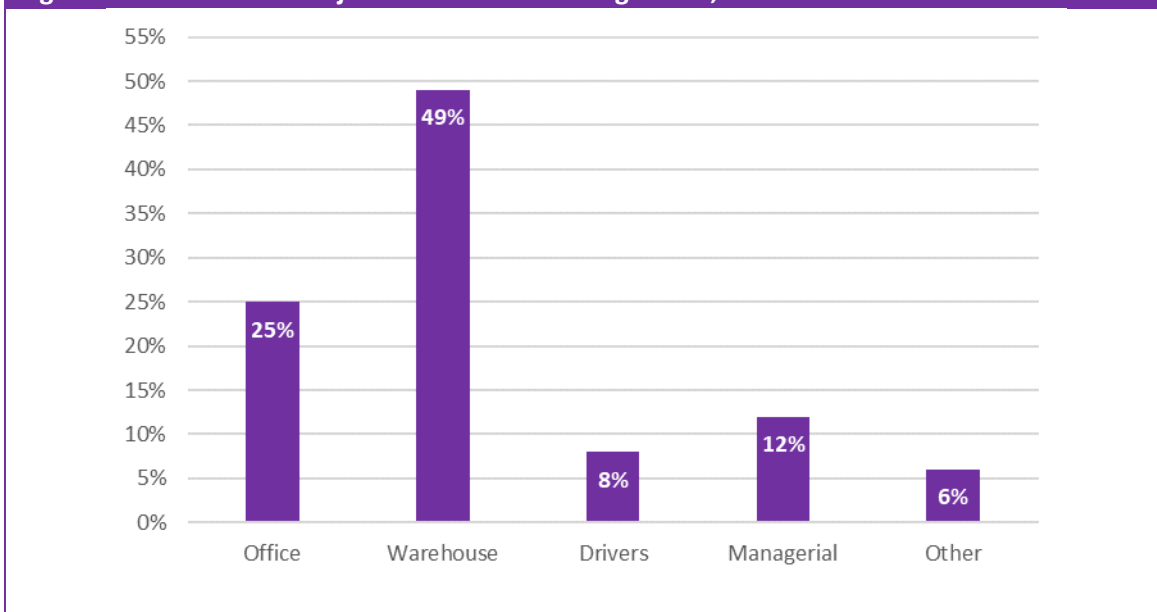
Figure 5.1: Distribution of full-time earnings levels in the transport and storage sector, 2019



- 5.4 Further useful light is shed on the nature of jobs in the logistics sector by some national research by the large scale logistics shed developer ProLogis³⁶. 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 previous surveys in earlier years. A total of 7,300 employees were covered by the 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.
- 5.5 The ProLogis survey also provides an indication of the number of jobs per sqm of floorspace. Across the sample the figure works out at an estimated one person for every 95 sqm of floor space within its facilities. The survey suggests that, at least for the businesses covered by the survey, the average employment density is similar to the level set out in the widely used HCA Employment Densities Guidance for National Distribution Centres.

³⁶ “Delivering the future: the changing nature of employment in distribution warehouses”, ProLogis, September 2019

Figure 5.2: Distribution of jobs in the warehousing sector, 2019



Source: ProLogis (2019)

5.6 The varied nature of jobs in the warehousing and distribution sector is evidenced by some of the key firms located in North Warwickshire where there are large scale distribution facilities but with substantial office and technical activities including in some case headquarters functions. As well as Ocado and Euro Car Parts examples already noted, in North Warwickshire such companies include:

- Instamac Group PLC, whose main UK facility and head office is at Birch Coppice Business Park that houses a state of the art manufacturing processes, distribution, finance, export, sales, marketing and research and development functions. The business relocated and expanded at Birch Coppice in 2008 having previously been located at Kingsbury in Tamworth. The business employees 184 staff and had a turnover of £57 million in 2019³⁷.
- TNT (Fedex) whose UK Head Office and parcel delivery hub is at Atherstone.

Conclusions

5.7 The logistics sector offers a wide range of job opportunities at all levels including managerial and technical jobs. Within the West Midlands on average jobs are as well paid as the all sector average for full-time jobs and are much more likely to offer full-time employment. Logistics facilities can and do often have headquarter and other management functions attached to them.

³⁷ Sources from company accounted filed for year ended 2019

6. The need for space for large scale employment sites

6.1 This section considers various sources for evidence on the demand for floorspace from an economic perspective.

Evidence of demand – local change in the stock of floor space

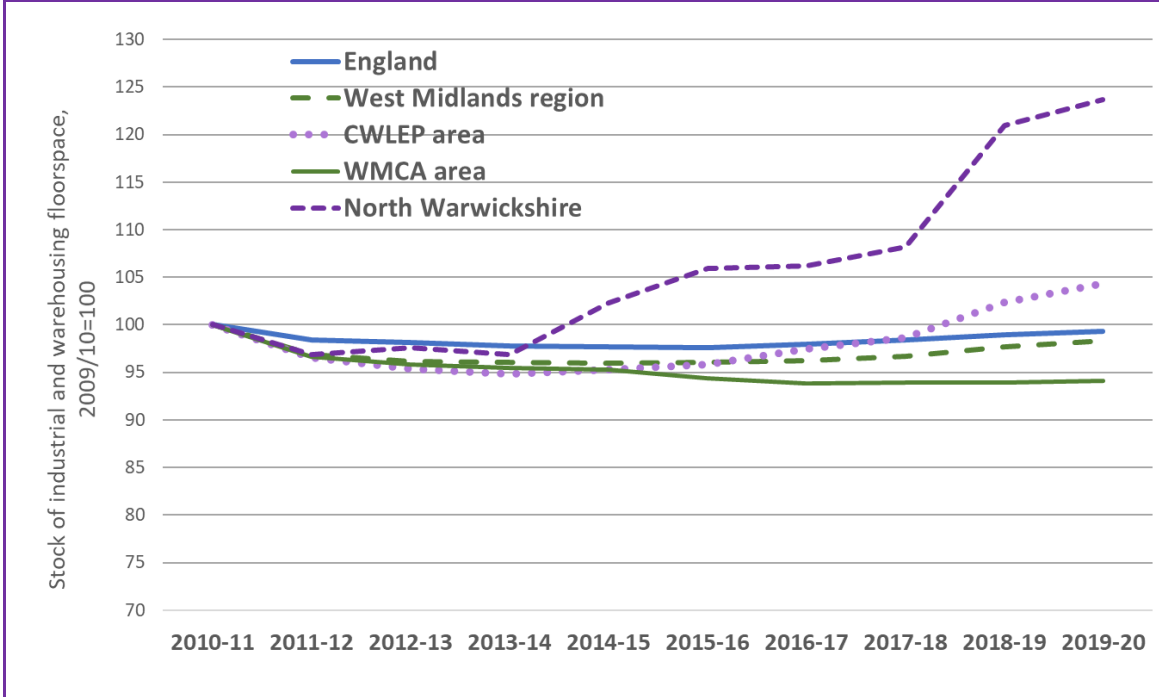
6.2 The NWBC area has seen strong growth in industrial and warehousing floorspace³⁸ over the last 5 and 10 years, which is further evidence of strong demand locally. This is shown in Figures 6.1, 6.2 and Table 6.1. Key points are:

- The net stock has increased overall by 25% over the last 10 years (18% over the last five years), with an average growth of 34,000 sqm and 53,000 sqm over the last 10 and now the last five year period. Although not shown, over the full period for which there is data (2000/01 to 2019/20) the total stock in North Warwickshire has grown by over 100% at an annual average rate of 42,000 sqm. Over this 18 year period this annual average growth of floorspace if converted to land area would amount to around 10.5 hectares per year³⁹.
- The growth has really started accelerating since 2013/14 after a period of no growth as a result of the onset of the 2008-2012 recession.
- This rate of growth far exceeds the regional and sub-regional averages, reflecting the large amount of new floorspace in the local area and the fact that there is relatively little older dated stock that is being recycled for other uses.
- The net growth in North Warwickshire has accounted for all the net growth in stock in the CWLEP area over the last 10 years and around 40% over the last five years.
- Over the 19 years since 2000/01, North Warwickshire's share of the overall regional stock of industrial and warehousing floorspace has more than doubled from 1.7% to 3.7% and also in the CWLEP area from 11% to 21%.
- In contrast Tamworth has seen no net growth in its stock at all over the past 10 (or even 19 years).

³⁸ All data is taken from the Valuation Office Agency (VOA) [Business Floorspace data](#) for all "industrial" class uses for rating purposes, this includes warehousing. At the time of writing this report data for March 2021 had not yet been published

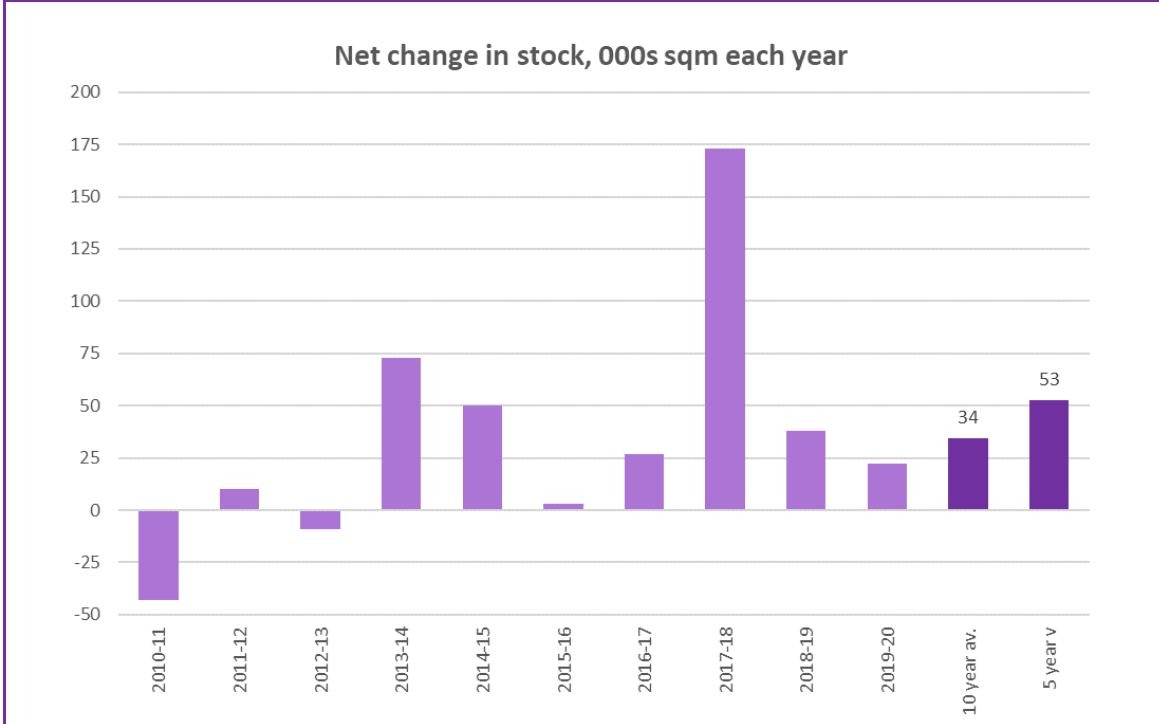
³⁹ Based on a 40% site density

Figure 6.1: Net change in stock of industrial and warehousing floorspace 2009/10 to 2019/20 (2009/10=100)



Source: Nicol Economics analysis of Valuation Office Agency (VOA) Business Floorspace data for all “industrial” class uses for rating purposes, this **includes** warehousing

Figure 6.2: North Warwickshire, net change in stock of industrial and warehousing floorspace 2009/10 to 2019/20



Source: Nicol Economics analysis of Valuation Office Agency (VOA) Business Floorspace data for all “industrial” class uses for rating purposes, this **includes** warehousing

Table 6.1: Changes in the stock of industrial and warehousing floorspace						
Area	Last 10 years		Last 5 years		Current stock (31/3/2020) sqm	North Warks as %
	000 sqm	%	000s sqm	%		
England	-892	-0.3%	6,528	2.1%	311,632	0.55%
West Midlands region	-708	-1.5%	1,126	2.5%	45,401	3.7%
East Midlands region	1,097	2.8%	1,889	4.9%	40,243	4.2%
WMCA area	-1,306	-6.1%	-112	-0.6%	19,933	8.5%
Warwickshire	408	7.8%	545	10.7%	5,661	30%
CWLEP area	294	3.8%	613	8.3%	7,955	21%
North Warwickshire	344	25.3%	263	18.3%	1,702	100%
Tamworth	-32	-4.5%	14	2.1%	682	
Lichfield	6	0.6%	37	4.0%	956	
Leicestershire (excl Leicester)	556	8.2%	647	9.6%	7,377	
Of which: North West Leicestershire	501	34.8%	426	28.1%	1,942	

Source: Nicol Economics analysis of Valuation Office Agency (VOA) Business Floorspace data for all "industrial" class uses for rating purposes, this includes warehousing

Past take-up rates of employment land

6.3 There is evidence on the rate of take-up of employment land in North Warwickshire that exists in a variety of planning documents submitted to the Local Plan EiP. There were however differences of view and interpretation and time period covered in the assessments of take-up. This is summarised in Table 6.2 below. The key points are:

- There is some variation in the assessment of rates of take-up depending on the time period and sources (NWBC or Savills).
- However, the overall rate of take-up since 2011/12 has been around 20 hectares a year.
- The majority of the take-up has been on the regional strategic sites of Hams Hall and Birch Coppice/Core 42 (an extension to Birch Coppice in effect) with around 12 to 13 hectares per annum rate of take-up.
- Other sites have seen take-up rates of around 7 hectares per annum over the period, although this includes 36.3 hectares in 2015/16 take-up by JLR at the former Baddesley Colliery site for its new national distribution centre (where cars are stored before dispatch).
- There is therefore evidence of strong demand across a variety of sites, not just the allocated regional strategic logistics sites.
- Even excluding largest single take-up (the national distribution centre for JLR at Baddesley Colliery) annual take-up rates have been **around 15 hectares**.

Table 6.2: Total completions on all employment sites in North Warwickshire from 2011/12				
Type of Site	Source	Earlier NWBC AD52	Savills update AD52A	NWBC's update AD52B
	End date	2017/18	2018/19	2017/18
	Years	7	8	7
Hams Hall		38.3	45.5	38.3
Birch Coppice Phase 3		73.8	46.0	49.5
Birch Coppice Phase 1&2		4.2	2.2	2.2
Core 42 Business Park		0.0	2.0	2.0
<i>All regional sites</i>		116.2	95.7	92.0
<i>Other sites ⁽¹⁾</i>		50.0	58.9	50.1
Total take-up		166.3	154.6	142.0
Annual take up all sites		23.8	19.3	20.3
Annual take-up excluding Baddesley Colliery		18.6	14.8	15.1
Annual take up "other" sites		7.2	7.4	7.2
Annual take-up "regional" sites		16.6	12.0	13.1

Source: document AB52B Employment Land, 2011/12 – 2017/18, Completions, Allocations & Sites With Planning Permission. Note: (1) the main reason for the difference is the inclusion of 8.8 hectares of take-up in 2018/19 at St Modwen's Tamworth Logistics Park; it includes 36.3 hectares taken-up by JLR at the former Baddesley Colliery site in 2015/16

- 6.4 It is of course the case that any assessment of future need based on these take-up rates would have projected a much larger figure than that proposed for the Local Plan (100 hectares or 4.5 hectare per year of the Local Plan). So for instance 15 hectares projected forward over a 22 year period would equate to potential need of some 330 hectares in total or over the 12 years of remainder of the Local Plan period 180 hectares.

Wider assessment of needs

- 6.5 The approach in the case of North Warwickshire in its Core Strategy and in the draft Local Plan put forward for examination had been to ignore entirely (apart now from the new Policy LP6 which emerged during the Examination in Public) what is described as regional need” and the potential contribution of new sites (such as the Proposed Development) in the district to help meet this need. There is a strong body of evidence on the range and scale of this need both quantitatively and qualitatively – which as noted earlier is recognised by the Local Plan Inspector.

Quantitative assessment of need

- 6.6 The evidence on demand and take-up across a wider area than just North Warwickshire is covered in detail in the accompanying report by JLL. The wider evidence is summarised in Table 6.3 at a local, sub-regional and regional level. This is drawn from a variety of studies. The key points are:
- CWLEP area: an assessed need of 25 to 30 hectares a year of land for new development.
 - Area A/Area 2 corridor: an assessed need of at least 20 hectares per year.
 - Whole West Midlands region: an assessed need of 100 to 110 hectares per year.

Table 6.3: Quantitative evidence of need in the wider area				
Source	Spatial level	Total need	Time period	Annual need (has)
West Midlands Strategic Employment Sites Study 2015 (immediate demand for available sites) ⁽¹⁾	Whole West Midlands		2011-2014	57.6
	Coventry and Warwickshire			14.5
	Area A			19.4
West Midlands Land Commission, 2017	West Midlands	1,600 ha of industrial land	2016-2020	114 pa
West Midlands Strategic Employment Sites Study Stage 2, 2021	West Midlands – strategic sites only			100 pa (based on 400,000 sqm pa)
Coventry and Warwickshire Employment Land Use Study, 2015	CWLEP area	500 to 660 has	2011 to 2031	25 to 30 has

Notes: (1) sites over 20 acres or 8 hectares only as well as units over 1000,000 sqft and immediate need;

Qualitative assessment of need

- 6.7 The main conclusions of key studies carried out over the last 5 years on the qualitative need for sites can be summarised below:

Regional level

- The 2015 WMSESS concluded that for large industrial units the “planned land supply falls severely short in the three areas of highest demand” of which it states that “the M42 belt to the east of Birmingham (‘Area A’), which offers:
 - o To logistics operators, the best travel times to the UK population, as well as access to multi-modal facilities
 - o To manufacturers and their suppliers, proximity to the main automotive facilities;
- The study also notes that “three areas of constrained land supply are also the areas which have attracted the greatest volume of demand in recent years. This includes nationally and internationally mobile demand, both for logistics – where many occupiers are footloose between the East and West Midlands – and manufacturing – where many occupiers are international companies with a wide choice of location. Therefore, if supply constraints are relieved in these areas this should add to economic growth and employment in the West Midlands, in the manufacturing as well as distribution industries”.
- The West Midland Land Commission noted that “those locations which are in greatest demand as strategic sites are those sites located close to the main motorway network” and “there is a lack of allocated land for industrial purposes, in particular for strategic sites”.
- It further identified that many potential strategic sites are located in the Green Belt.

Regional level – recent West Midlands Strategic Employment Sites Study

6.8 The new and updated regional strategic employment sites study (WMSESS 2021) was finally published in May 2021 having been delayed by the pandemic. The purpose was to provide a “*high level overview on the availability or scarcity of strategic employment land across the region*”⁴⁰. The report looked at a series of market areas, in this report “Area 2” was the area that corresponds to Area A in the earlier 2015 regional strategic sites study. Key findings were:

- Across the area studied (the “West Midlands”) the annual average demand for industrial employment land was around 0.4 million sqm which corresponds to 100 hectares.
- As with the 2015 study the 2021 study used a **minimum of 25 hectares** as the cut off for a strategic site, this was tested during the 2021 study. The conclusion was 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*”⁴¹.

Sub-regional level

- The 2016 CWLEP sites study identified that “*growth has been strong across the main components of employment land demand in the CWLEP area – in advanced manufacturing, particularly the automotive sector, and in logistics as part of the ‘Golden Triangle’*”.
- It noted that in consequence there had been a “*very significant decline in available supply, on large strategic employment sites in the LEP area*” with the “*current employment land stock and immediate pipeline [being] exceptionally low*”.
- A report was made in earlier 2021 to the Planning and Housing Business Group of CWLEP⁴² on employment land supply (described as the “*central focus of the work of the Business Group*”). This reported similar messages to that in this report including that “*warehousing and distribution sites or those with a strong logistics component have driven a number of allocations. This sector continues to hold up well through the current Coronavirus pandemic and local agents report continuing high levels of demand*”. Critically, the report notes that “*the declining supply of larger employment sites capable of accommodating larger buildings has been one feature reported by colleagues dealing with Inward Investment enquiries into the sub-region..... market choice of larger sites is low.... that at some point unless more larger sites are allocated or come forward as “windfall” then inward investment into the sub region will be deterred by sites shortages*”.

6.9 It is important to note that the various reports identified the convergence of demand across industrial and warehousing to one market sector and also the importance of logistics activity in the West Midlands linked to the automotive sector (which is clearly also a key driver in North Warwickshire).

⁴⁰ The area covered was the 24 local authorities that fall within the Local Enterprise Partnership (LEP) areas of the Black Country, Coventry and Warwickshire and Greater Birmingham and Solihull, plus Staffordshire and Stoke-on-Trent (so excluding Worcestershire, Shropshire and Herefordshire)

⁴¹ The only caveat is that the report noted that smaller sites could be strategic if focussed on sectors that do not require extensive land take (such as life sciences)

⁴² “Agenda Item 8. Strategic Employment Land Supply 2021 - Updated Schedule re Availability”, Coventry and Warwickshire LEP, Planning and Housing Business Group, 25 February 2021

Recent developments: evidence of impact Covid-19 on the logistics sector

- 6.10 Although the overall impact of Covid-19 has as we have seen in Section 2 been to depress demand and economy activity overall, this has and will vary enormously by sector. The clear evidence is that the impact of Covid-19 and the associated lockdowns has had a **strong upside impact on demand for logistics sector space.**
- 6.11 Covid-19 has accelerated growth towards **home based distribution via internet shopping** rather than high street retail. This change has required a strong and expanding logistics and distribution sector (as evidenced by the growth of the amount of warehousing floorspace needed by Amazon and the requirements for extra warehousing space from the main food retailers). The importance of a strong and robust distribution sector to support the economy has been, if anything, emphasised by Covid-19. As can be seen from Figure 6.3, prior to the onset of Covid-19 there had been a steady growth in the importance of the internet for shopping to reaching around 20% of all sales in early 2020. The effect of Covid-19 and the lockdowns has been to supercharge what was already an established trend and the share of on-line sales rose to over 35% in the first national lockdown, but only fell back to 26% in September 202 and now the same level in June 2021, or over 5% points higher than previous levels.

Figure 6.3: Changing importance of internet sales

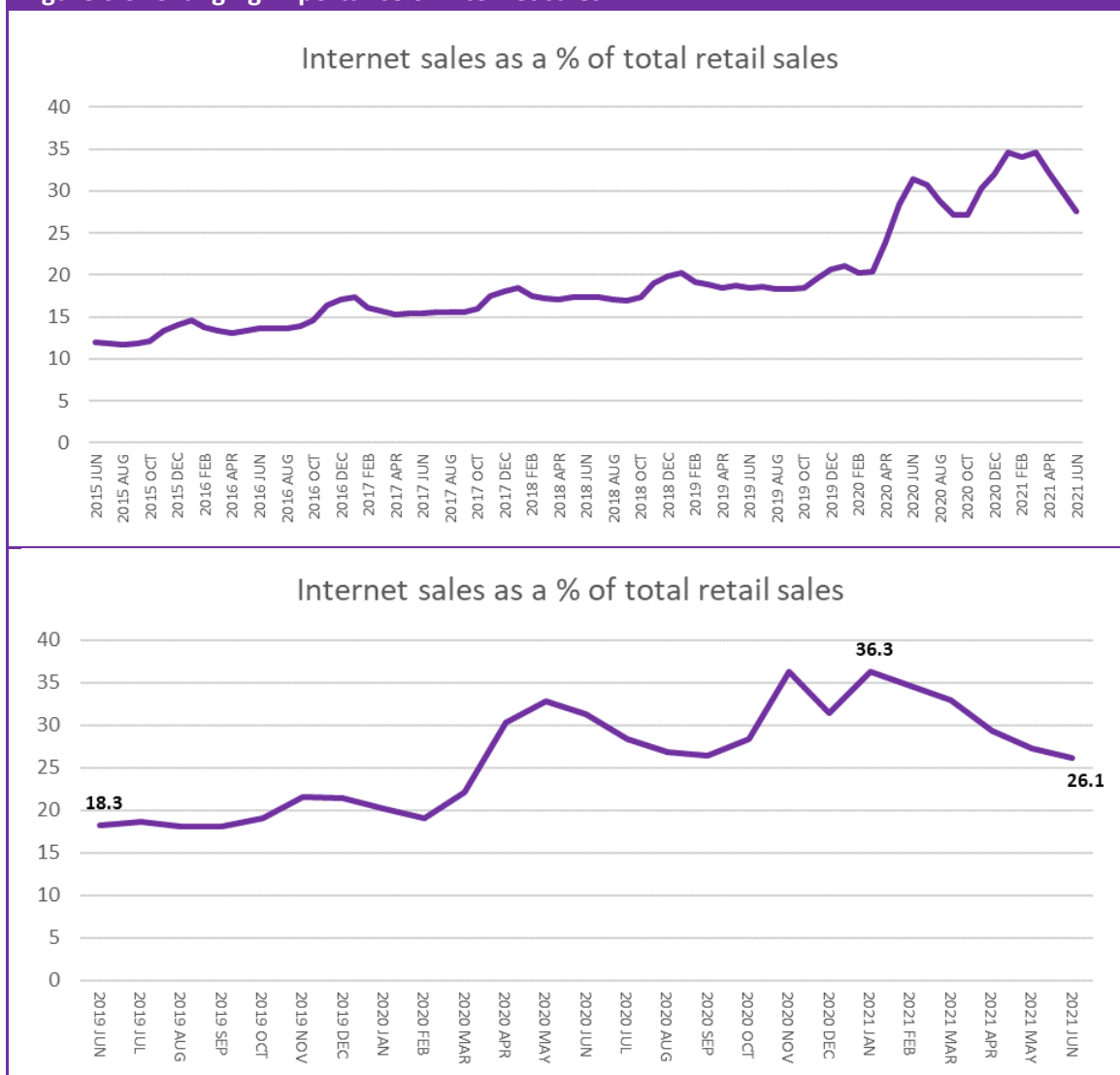


Figure 6.3: Changing importance of internet sales

Source: Nicol Economics analysis of ONS data. Note upper chart is three month moving average, lower chart the actual recorded monthly figures

- 6.12 The thrust of the emerging messages from assessments by property advisory firms of the impact of Covid-19 on the logistic sector is that the sector will see fewer adverse impacts than other sectors and indeed is benefiting overall from changes in consumer and business behaviours and patterns.
- 6.13 The effects to date and anticipated from Covid-19 on the logistics sector and so demand for warehousing can be summarised as follows. In the first place, the overall contraction in the economy, in employment, and in consumer demand will tend to dampen demand for all forms of business space including warehousing (a negative aggregate demand effect).
- 6.14 However, this short term negative aggregate demand effect on warehousing has clearly been offset by two major economic structural responses to Covid-19 which appear likely to continue into the medium to longer term:
- One of the dramatic short-term effects of Covid-19 as is noted above has been the **rise in internet retailing** since the lockdown began as high street shops had to shut. However, Covid-19 has simply accelerated the 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 2021 Big Sheds report by Savills⁴³ notes that around 45% of demand for logistics space in the first half of 2020 has been from on-line retailers and the Cushman and Wakefield review in the summer of 2020 report puts this at 48%. JLL’s review of 2020⁴⁴ found that overall 42% of all take-up of Grade A logistics space nationally was “directly linked to online fulfilment”.
 - Improving resilience in supply chains. Covid-19 has led to **major disruptions in global supply chains** which started when China entered lockdown in January 2020. UK manufacturers and other businesses are 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 is pushing up the demand for space at present and this effect is likely to be sustained. In addition the impact of Brexit has produced uncertainty about supply chains so increasing this driver. Although there is now a UK-EU Trade and Cooperation Agreement, which was agreed just before the end of 2020, this has added considerable “friction” to the trade between the UK and the EU and so is likely to increase the need for stockholding within the UK.
- 6.15 As a result of these factors Covid-19 has accelerated demand for large scale logistics and warehousing:
- Savills UK Big Shed briefing in July 2021 looked at evidence of demand and supply across the logistics sector. The key points were that: across the UK the take up of logistics space in the first half of 2021 (H1) is the strongest they have ever recorded “24m sq ft of warehouse space has been transacted, setting a new H1 take-up record in the process, 82% above the long-term H1 average of 13m sq ft.” They also note that the strong levels of take-up have led to “supply has fallen at its fastest pace ever at a nationwide level, vacancy now stands at 4.37%, the lowest level since Savills started recording”. This strong

⁴³ Big shed briefing, Summer 2020, Savills, July 2020

⁴⁴ Big Box Logistics market update, JLL, January 2021

performance in H1 2021 follows a year in 2020 which saw record levels of take up of warehousing across the UK over a third higher than the previous highest year.

- In the West Midlands⁴⁵ Savills report a similar and even more dramatic picture with “take-up reaching 3.75m sq ft through 21 separate transactions the second best H1 on record” (and 77% above long-term H1 average) and that supply had fallen dramatically leading to a vacancy rate of just 5.0%. Again this follows 2020 which was record year in terms of take-up across the region
- Cushman and Wakefield's Global Logistics Outlook presents a similar picture it notes that 2020 take-up was 44% up on the previous year⁴⁶.
- JLL's review of 2020⁴⁷ highlighted the strength of logistics demand in the UK noting that overall take-up in 2020 was 64% up on 2019 and 43% higher than the five-year annual average as a consequence the overall UK vacancy rate fell from 9% at end-2019 to 7% at end-2020⁴⁸.

6.16 Savills has also produced a global overview assessing the long term impact of Covid-19 on real estate by different sectors. In relation to logistics this states “with more people than ever before using online retail, the market is forecast to deepen longer term. Further investment in logistics space to service this demand and ensure resilience against future surges of demand will follow”⁴⁹.

6.17 A review of the role of logistics in relation to Covid-19⁵⁰ highlighted the logistics sector's enhanced role in supporting economic activity during this period in stocking customers with essentials at a time when shopping in stores was more restricted and in keeping the economy moving with efficient supply chains, has not gone unnoticed.

6.18 Finally, and a linked point, there is likely to be an increase in the so-called “reshoring” of manufacturing activity back into the UK. The effect of Covid-19 and the consequent disruption to global supply chains has increased the pressure for this to happen. The trend was noted in recent research:

- Research on retail supply chains post Brexit and post-Covid identified that UK factories could be making up to £4.8 billion more goods for British retailers in the next 12 months as the coronavirus pandemic and Brexit prompt businesses to bring home production⁵¹.
- An Export Panel convened by The Engineer concluded that “efforts to beef up UK supply chains and encourage manufacturers to favour domestic production have been gathering momentum for a while now. But the challenges presented by the Covid-19 pandemic – coupled with concerns over the impact of Brexit – have turbocharged these arguments and reshoring is now being seen as an increasingly important in terms of bolstering UK manufacturing resilience and ensuring that its manufacturing supply chains are fit for an uncertain future”.

⁴⁵ “The logistics market in the West Midlands, Summer 2021” Savills. July 2021

⁴⁶ “2021 Global Logistics Outlook”, Cushman and Wakefield, May 2021

⁴⁷ “Big Box Logistics market update”, JLL, January 2021

⁴⁸ This vacancy rate is for Grade A space and includes units that were speculatively under construction at the end of 2020; JLL note that if these were excluded, the vacancy rate would have been 5%.

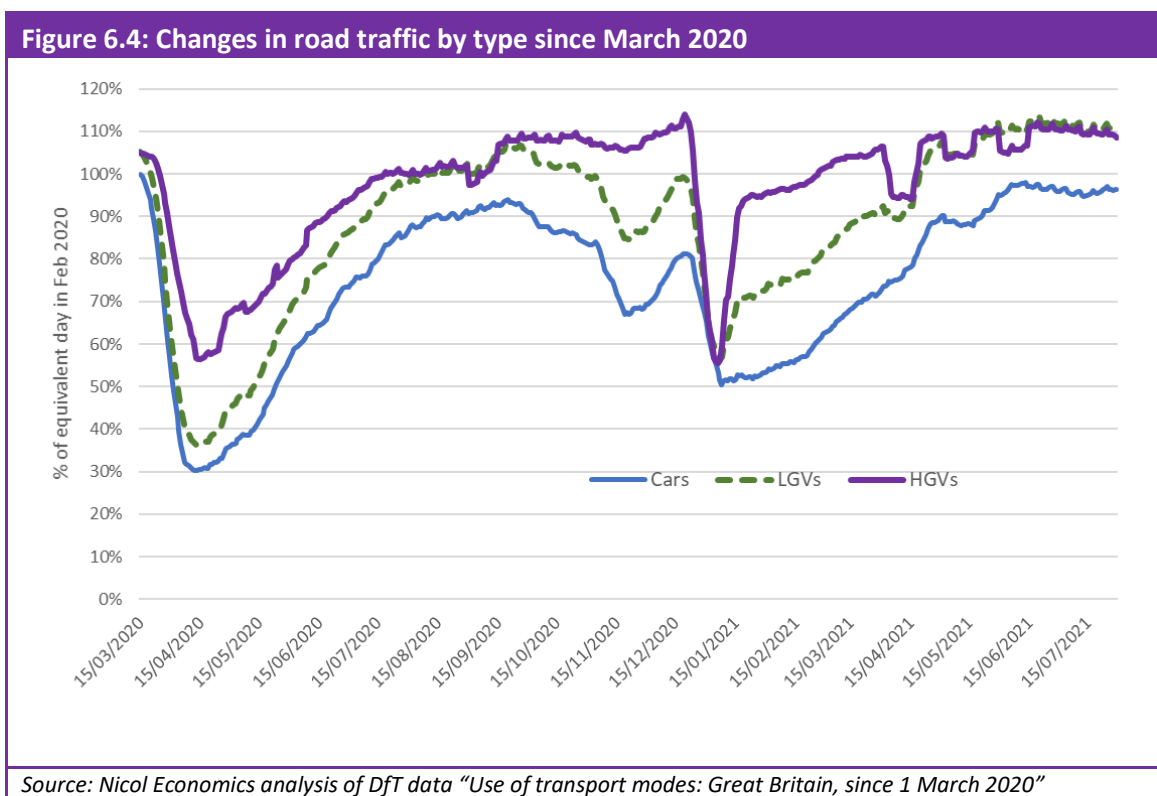
⁴⁹ “Impacts: The Future Of Global Real Estate”, Savills, Issue 03. May 2020

⁵⁰ “The Increased Importance of Logistics During Covid-19 and Beyond”, Turley Economics for Tritax Symmetry, December 2020

⁵¹ “The Shape of Retail: Covid-19 and the Future of Retail Supply Chains”, December 2020, Alvarez & Marsal and Retail Economics

- EY found in their most recent survey of the UK’s attractiveness for investment that “the reshaping of supply chains in the wake of COVID-19 is a major shift. It is also one that the UK has a great opportunity to capitalize on, as 18% of businesses and 32% of manufacturers are planning to reshore to the UK”⁵².

6.19 The impact of Covid-19 has therefore been to lead to some important changes in the transport and distribution sector. As Figure 6.4 shows, after the initial impact of the national lockdown when HGV traffic levels fell by 40% and LGVs by 60% there has been a strong recovery, indeed **national levels of HGV and LGV traffic are now above pre-Covid levels**. Car traffic still remains below pre-Covid peaks as a result of fewer people working from home and so not commuting as well as fewer other journeys (eg for shopping).



⁵² “Brave new world, EY Attractiveness Survey UK”, EY, November 2020

Conclusions

6.20 This review of past and future drivers of need for land for the logistics sector has shown:

- The very strong evidence of very **strong historic demand and take-up** in North Warwickshire. Industrial floorspace has grown at a rate far greater than surrounding areas., Annual take-up has average 20 hectares over the eight years from 2011/12 onwards. Whilst, even excluding the very large and in some respect unique Baddersley Colliery JLR storage development annual take-up has average 15 hectares a year over this period.
- A range of studies have assessed the need for new employment land for a variety of spatial levels and time periods. The most recent regional studies suggest a need of around 100 to 110 hectares per year across the whole West Midlands region.
- The most recent study covering the CWLEP area identified an assessed need of 25 to 30 hectares a year of land for new development.
- The Area A corridor had an assessed need of at least 20 hectares per year.
- The importance of well-located strategic sites of at least 25 hectares has been identified in several studies.
- Finally, the most recent evidence is that the impact of Covid-19 and in part Brexit has **accelerated the need for well-located efficient logistics space** to serve the needs of an increasingly on-line economy, but also one where higher stocks need to be held to reflect the potential disruption to globalised supply chains as well as the likelihood of a major increase in the **re-shoring of manufacturing** back to the UK.

7. The current and future supply of employment sites

7.1 In this section we consider the latest information on the supply of sites for employment uses both overall and suitable for large scale industrial/distribution uses. This assessment is largely drawn from the accompanying JLL Employment Land Statement.

Local area – North Warwickshire

7.2 There has been considerable work reviewing the current available supply of employment land in North Warwickshire as part of the development and then on-going examination of the Local Plan. This is set out in some detail in the accompanying report prepared by JLL.

7.3 Table 7.2 shows the overall figures based on the work carried out for the Local Plan examination. Any assessment is complicated by consideration of what time period to consider. The Local Plan period starts in 2011, but in reality as far as meeting need and demand are concerns it is the **current situation going forwards** that matters for the remainder of the new Local Plan period which is now around only 12 years.

7.4 In theory North Warwickshire has a significant supply of over 100 hectares of land either allocated as one of four new allocations (E1 to E4) or in four locations where there are extant planning permissions. However, the assessment by JLL is that of these 8 locations only 2 locations with around 16 hectares of developable land are suitable for large scale distribution use (as a result of their size, location, planning designation or other constraints).

Type of sites	Total future supply (as at end 2020)	Suitable for large scale distribution/other uses ⁽³⁾
Allocations (E1 to E4)	57.4	0
With planning permission ⁽¹⁾	39.0	15.8
Overall total	96.4	15.8
Of which MIRA ⁽²⁾	42 (44%)	0

Source: JLL Employment Land Statement. Notes: (1) in 4 principal locations: Coleshill Hall Hospital; Hockley Park, Dosthill; Hall End Farm, Phase 3, Birch Coppice (Core 42); and Hams Hall Power Station (where the last two sites the areas are net developable areas). This excludes remaining land at St. Modwen Tamworth Logistics park as this is now all developed or being developed. (2) MIRA 42 hectares as per the Local Plan and main modifications; (3) based on assessment by JLL

7.5 However, we need to look in more detail at these supply figures as these headline figures are misleading:

- First, allocation E4 next to MIRA Technology Park where the proposed main modifications state that the allocation is for “approximately 42 hectares” which will be “specifically allocated for B1 (research and development) and B2 use classes, with B8 (warehousing & distribution) uses permissible only where ancillary or clearly secondary to the primary use”. This site is intended to relate to the MIRA Technology Park which is located in Hinkley and Bosworth district in Leicestershire where there is an Enterprise Zone. This allocation is intended to exploit this opportunity and to help diversify the local economy. It is difficult to see how it will meet the needs of many existing local manufacturing or distribution firms that might want to expand as it is focussed on a very specific market.

- The MIRA website describes the site as being *“In the heart of the UK’s automotive industry and part of Europe’s largest leading transport technology park”*, it is described as *“the Southern Manufacturing Sector (SMS) development site..... linking directly to the extensive R&D facilities at HORIBA MIRA”*. The web site states the site is *“capable of providing up to 1.5 million sqft of major R&D and manufacturing facilities, this self-contained site benefits from direct integration with the world-famous test facilities and R&D resources at the Technology Park, as well as the opportunity to promote an occupier’s independent corporate identity”*. The focus of the development is therefore on encouraging a particular type of occupier that can take advantage of the proximity to MIRA and help diversity the local economy.
- Second, allocation the 6.6 hectares allocated in E1 (Land south of Rowlands Way east of Aldi) Site is allocated for just B1 and B2 uses and is, in effect, safeguarded for Aldi. The main modifications state that *“in the event that the allocation becomes surplus to the requirements of Aldi, who currently have an interest in it, the site will continue to be safeguarded as a long term employment site for smaller scale, mixed B1 and B2 uses appropriate to the location reflecting the proximity with existing residential development”*. In practice therefore the site is not available as part of the general employment land supply. Aldi could quite understandably seek to retain the option of expansion for some considerable time.
- In December 2019, planning permission was granted for redevelopment of the site for a campus comprising a warehouse, separate office building and multi-storey car park (ref. PAP/2018/0159). On the basis that Aldi own it outright and have applied for planning permission to redevelop the site, it should be removed from the general overall employment land supply available for other businesses in North Warwickshire. The Local Plan Inspector required a Main Modification (MM91) that removed reference to the land being for Aldi’s expansion. However this of course does not address the point that de-jure the land is not available for other business and is in effect land locked by Aldi.
- The supply figures include 16.4 hectares at the former **Coleshill Hall Hospital** site (with an old planning permission for largely B1 office uses. However, in practice this site is now blighted by the building of HS2, and the principal former occupier relocated from the site in 2019, the site is no longer part of the effective land supply for the NWBC area. The Local Plan Inspector noted that *“NWBC acknowledged that, accurately reflecting the setting of Coleshill Hall Hospital and implications of HS2, that it should be ascribed a ‘net’ site area of around 3 hectares”*.
- Included in the totals are 6.8 hectares at **Hockley Park, Dosthill** just outside the southern boundary of Tamworth district. This is based on an historic planning permission granted in 1994 and extended on a number of occasions since and the site has been undeveloped for over 20 years. The site was historically a location for mineral extraction. However, the site is now being promoted for residential development and no longer being marketed for employment development by the owner due to a lack of interest. It is therefore highly unlikely the site will developed and available for industrial occupiers in the future.

- 7.6 The effect of these adjustments is set out in Table 7.2. This analysis shows that the future available employment land supply is just over 73 hectares once we take account of the two sites with planning permissions that are unlikely to come forward as employment sites. However, in practice the amount that is available in “normal” employment sites which can accommodate a wide range of industrial uses is much more limited due in large part to the dominance of the MIRA extension site in the overall supply. The more widely available supply is around just 24 hectares which amounts to just 2 hectares per year for the rest of the Local Plan period and indeed is slightly lower than the “margin” of need assessed for the Local Plan (of 27.4 hectares).

Table 7.2: Annual future supply of available land in North Warwickshire (hectares)		
Assessment of supply	Total supply (as of end 2020)	Annual supply for rest of Plan period to 2033 ⁽¹⁾
Total as assessed by NWBC	104.1	8.7
Less recent take-up at St Modwen Tamworth Logistics Park	96.3	8.0
Less extant planning permissions for Coleshill Hall Hospital and Hockley Park sites	73.2	6.1
Less allocations E1 and E4	47.5	4.0
Less all four sites	24.4 ⁽²⁾	2.0

Source: Nicol Economics analysis of AD52B and JLL . Notes: (1) assuming a 12 year period from 2021; (2) or 27.4 hectares and 2.3 hectares per annum if the 3 hectares for the Coleshill Hospital site as identified by NWBC were to be included

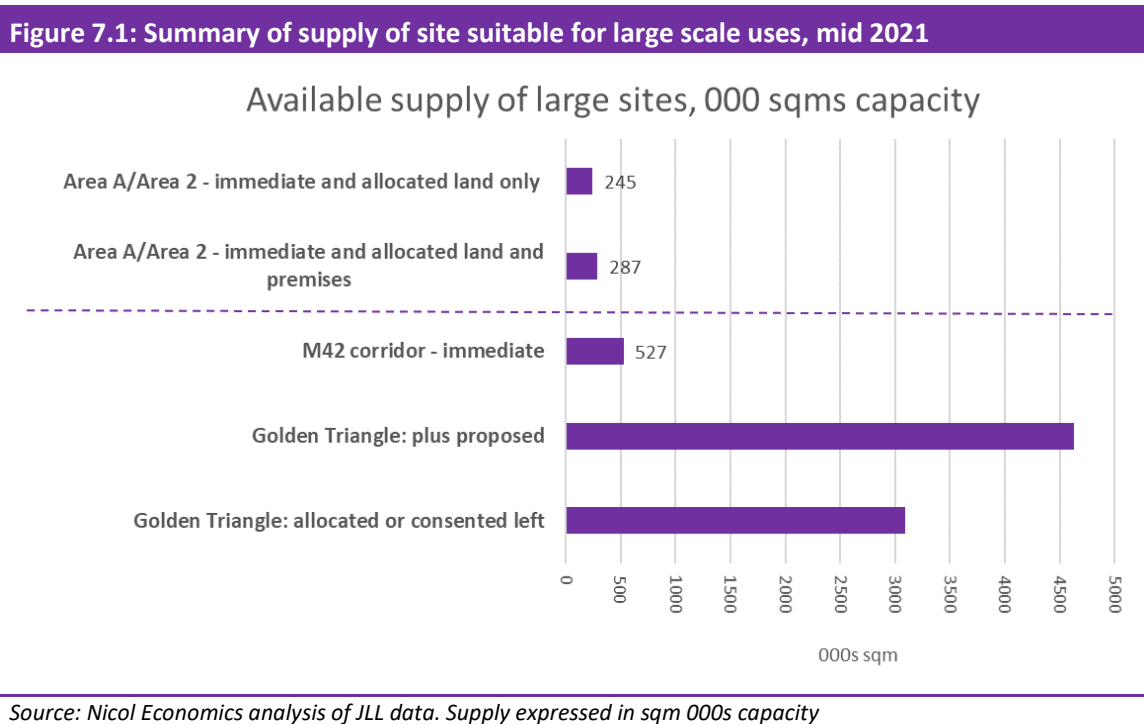
Local area - Tamworth

- 7.7 The 2016 adopted Local Plan for Tamworth identified eight sites which could deliver the employment land requirements of the borough which provided a total of 18 hectares. This left a shortfall of at least 14 hectares compared to the identified need of 32 hectares that could not be delivered within Tamworth. Via the Duty to Cooperate, 8.5 hectares of the unmet need was apportioned to North Warwickshire. In practice this need is seen as having been met by the development of Tamworth Logistics Park. This site has a net developable area of 16.6 hectares and as 8.8 hectares had been developed by the end of 2018/19, there was 7.8 hectares remaining. It is a moot point as to whether all this remaining area is correctly viewed as part of the NWBC supply or some or all properly viewed as the NWBC contribution to Tamworth’s unmet need.
- 7.8 The submission draft Local Plan for NWBC states that “*as any additional housing and employment needs to be considered in balance and Tamworth lies within the Greater Birmingham HMA any proportion delivered will be within the overall employment land requirements and are not additional. This will avoid double counting.*” (para 7.47).
- 7.9 Furthermore, as the JLL Employment Land Statement points out, a significant part of the Tamworth employment land supply (10 hectares) is reliant on the delivery of one site (Land south of the A5, Bitterscote South, and separated by the A5 from the Bitterscote Strategic Employment Area). This site has planning permission for a mixed use scheme comprising largely of car dealerships but there are practical delivery issues associated with road access. The 2018/19 Annual Monitoring Report noted that the planning permission “*appears unlikely to be implemented in the near future*”.

Sub-regional area

- 7.10 As we have stressed, North Warwickshire sits within a wider sub-regional area and is largely located within a specific market area (“Area A”) that has been identified by regional work since 2015. This was acknowledged in the proposed main modifications and now in the new adopted policy LP6. The consideration of sites across a wider area has focussed on strategic sites (that in previous incarnations have also been called regional employment sites or regional strategic sites) rather than all employment land supply. The latest position is summarised in the JLL Employment Land Statement.
- 7.11 Across the whole Golden Triangle area the JLL report identifies 10 allocated and consented sites that between them cover around 1,450 hectares with the capacity for 4.0 million sqm of floorspace. Of this total, JLL estimate that 930,000 sqm is let therefore leaving the capacity for around 3.1 million sqm of floorspace. Of this space just two sites are along the M42/A42 corridor:
- Peddimore in Birmingham which is a 71 hectare site which has the capacity for around 387,000 sqm of development. This is an important regional strategic site that has been promoted through the planning system for many years. Amazon are taking 2.33 million sqft in one building (216,00 sqm), leaving around 1.8 million sqft (171,000 sqm) of capacity for further development on the site.
 - The East Midlands Gateway rail linked 225 hectare site in North West Leicestershire at the Junction of the A42 and the M1 being developed by SEGRO. This has the capacity for around 557,000 sqm of development of which 275,000 sqm remains to be developed (on two plots).
- 7.12 In addition, JLL consider that there are two other sites in the wider Golden Triangle area (both in the East Midlands) that could add to the overall supply: Rail Central in South Northamptonshire and the Hinckley SRFI in Blaby district in Leicestershire. The great majority of the existing or potential sites and capacity is along the M1 corridor in the East Midlands rather than the West Midlands. The JLL report notes that there is a “*real paucity of larger consented sites in the following locations: M6 corridor west of Coventry; and the M42 corridor*”.
- 7.13 Drilling down on the market area within which the Proposed Development site is located (“Area A” as referred to in new Policy LP6) a different picture emerges:
- Along the whole M42/A42 corridor there is around 527,000 sqm of consented and deliverable or available (ie already built) space (at a build density of 40% equivalent to around 132 hectares of supply).
 - However, this is dominated by supply at the northern end of the M42/A42 corridor in Leicestershire close to the M1 (around 240,000 sqm) leaving just 270,000 sqm of space or land in Area A/Area 2 (the equivalent of 72 hectares).
 - In terms of available land only, excluding pre-built units, there is just capacity for around 200,000 sqm of new build (the equivalent of around 60 hectares) on three sites:
 - IM Properties’ Peddimore Phases 1 and 2 (less space to be taken up by Amazon)
 - Prologis’s Hams Hall and
 - Hodgetts Estates’ Core 42 in North Warwickshire.

7.14 There are limited options in terms of consented development land in the pipeline in Area A/Area 2 apart from Phase 2 of Peddimore (around 130,000 sqm or 30 hectares equivalent). A number of large sites are being promoted through different Local Plan processes; however all of these sites, with the exception of the Proposed Development site, are situated in the Green Belt. The overall supply situation is summarised in Figure 7.1.



Conclusions

- 7.15 There are some clear messages that emerge from this review of supply:
- At a local level within North Warwickshire the headline apparent level of employment land supply (104 hectares) is misleading. Two of the existing planning permission are very unlikely to be implemented and these sites are not in effect part of the supply, leaving 81 hectares of current supply.
 - Within this supply two of the future allocations (E1 and E4) have very specific uses which would restrict their availability to a wide range of occupiers and local businesses (and in the case of E4 excludes in effect any significant B8 uses). The aspirations for the 42 hectare extension to MIRA Technology Park are ambitious and focused on R&D and advanced engineering businesses (with also a desire for some small incubator units).
 - This leaves around **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.
 - Tamworth has an extremely constrained employment land supply and relies on North Warwickshire to help deliver its need.
 - There is reasonable supply at present across the whole wider Golden Triangle area suitable for large scale users. The sites in this area are focussed on the M1 corridor and many are some considerable distance from the West Midlands and so certainly do not meet the need for 25 hectare strategic sites in the region.

- However, supply is very much more constrained in the M42 corridor and in Area A/Area 2 in particular which covers North Warwickshire.
- In terms of available land for development in Area A/Area 2, there is the equivalent of around 61 hectares that is available including Phase 2 of Peddimore. This available and future supply in Area A/Area 2 is, currently, dominated by the Peddimore site.

8. Comparison of demand and supply

Wider need

- 8.1 The JLL Employment Land Statement explores the quantity of supply compared to estimates of need in some detail and uses the measure of “years of supply”. This analysis is summarised in Figure 8.1. Along the whole M42 corridor and just for Area A/Area 2 the JLL analysis suggests that, based on average take-up rate over the last 5 years, there are respectively just 2.1 and 2.4 years of supply of land and buildings⁵³. This is lower than the estimated 3.7 years of supply (land only) that was assessed in 2015 by JLL in the West Midlands Strategic Employment Sites Study. In practice the difference is greater than these numbers as the 2015 study did not include available second hand or recently built but unoccupied units (ie it just included available land). Excluding these units from current supply, then Area A/Area 2 would just have 2.2 years of supply, so the relative availability has in practice dropped very significantly since 2015.

Figure 8.1: Assessed comparison between take-up rates and supply mid-2021



Source: Nicol Economics analysis of JLL data.

- 8.2 As noted in Section 6 there has been an uptick in take-up rates for logistics across the UK and especially in the Golden Triangle area and there are emerging longer term drivers that are likely to raise demand for logistics and manufacturing space. The new Trade and Co-operation Agreement with the EU ensures UK manufacturers do not face tariffs and quotas⁵⁴. Therefore the TCA has removed a very considerable uncertainty and shadow hanging over the region’s automotive sector which is an important driver of demand for large scale space.

⁵³ With the recent letting of building T321 at the Tamworth Logistics Park this would fall to just 3.2 years of supply

⁵⁴ Although there are some new non-tariff barriers to trade with the EU and factors such as the rules of origin that can impact on some manufacturers

Local need and supply

- 8.3 In Section 7 we reviewed the apparent local supply of employment land in North Warwickshire. The 42 hectare allocation at MIRA is intended quite rightly to attract and support the development of different types of businesses and economic activity to the local area (more research-based). It cannot be seen as providing the sort of location suitable for the range of industrial, mixed logistics and industrial and logistics businesses that have been attracted to the local area and have grown there.
- 8.4 Adjusting for the realistic availability of land our assessment is that there is just 24 hectares of general employment land available in North Warwickshire at present. This supply has reduced recently as remaining plots at Birch Coppice and Hams Hall and particularly Tamworth Logistics Park are developed out as spec builds⁵⁵.
- 8.5 At historic rates of development in North Warwickshire (10 to 15 hectares per year) this amounts to just 2 years of supply. There is therefore a very distinct possibility that the effective employment land supply in North Warwickshire will but dry up in the next few years.
- 8.6 Even using the assumed development rates or needs used to assess “local” needs in the Local Plan (4.5 hectares a year over the Plan period) the effective available supply is only just over 6 years. However, 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.

⁵⁵ St. Modwen Industrial & Logistics has completed a deal to bring an international e-commerce solutions provider to St. Modwen Park Tamworth, signing a 15-year agreement to occupy the 321,204 sqft (30,000 sqm) speculatively-built T321 unit on a c. 7.5 hectare site (at 40% plot density) and so occupies about half the site. The two remaining plots are to be speculatively developed out in 2021 leaving no further large plots available

9. Economic and social benefits from the proposal

9.1 The estimates of the future economic impacts of the Proposed Development are set out in the Socio-Economic chapter of the Environmental Statement. In this section we explore some of the benefits in more detail.

Summary of the economic benefits

9.2 The benefits as assessed in the ES or based on the calculations in the ES are set out in Table 9.1.

Table 9.1: 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. Notes: * to the nearest 50 FTE jobs; ** based on applying the GVA per job used in the ES (£58,645) to on-site estimated jobs, excludes off site economic benefits</i>	

9.3 We noted earlier that the evidence on the range of jobs that are now typical in large scale logistics buildings include significant numbers of technical, administrative and managerial/professional positions. Clearly at this stage it is not possible to predict the pattern of jobs that would arise as the Proposed Scheme is developed out. This will depend on the occupiers who move there and the functions they carry out. Nevertheless, a significant proportion of these jobs will be managerial, technical and administrative. Furthermore it is likely that overall average earnings in the Proposed Development will be around the all-industry average for the area.

9.4 The labour market impact in the construction period will depend on the build out period which in turn will depend on demand. Given the speed of development at St Modwen's Tamworth Logistics Park, a two-year build out period is possible meaning that the development would support 125 to 140 FTE of temporary construction jobs over a two year build period.

Overview of the site benefits

9.5 Clearly it is one thing to have a planning application and proposals for a site that produced potential economic benefits, it is another to see the actual delivery of those benefits. The delivery of any benefits in any property development scheme depends on development and take-up rates.

9.6 The parallel report by JLL sets out clearly the following key requirements for sites to be attractive to large modern industrial and warehousing premises (i.e. Big Boxes):

- **Location:** quick access to the national motorway or strategic trunk road network is fundamental in order to provide certainty in the despatch and delivery of goods. Available and serviceable sites that are directly served by motorway or strategic trunk road junctions are at a premium and represent the best and most sustainable means of serving manufacturers, retailers and logistics operators.
- **Constraints:** premises away from housing because many modern industrial warehouse operators are run on a 24/7 basis.
- **Land:** the nature of the site is also important. Sites that can accommodate very large buildings (i.e. over 30,000 sqm / 300,000 sqft) and/or a cluster of different sized buildings, and can operate without any restrictions, is in particularly high demand. This usually requires flat or level sites in excess of 20 to 25 hectares (50 to 62 acres). 25 hectares is also the cut-off point in the 2021 West Midlands Strategic Employment Sites Study for what is deemed a regional strategic site.
- **Labour:** strategic employment land needs to be well related to existing built and proposed settlements. This is to ensure sufficient labour supply. In addition, the experience and availability of the local labour force to working shifts is attractive to many operators.

9.7 The experience of Nicol Economics in relation to national and regional distribution centres (NDCs and RDCs) is that key drivers for occupier requirements are indeed as set out above but expressed another way, these are:

- Excellent **proximity and connectivity** to the motorway/trunk road network
- Maximisation of **access to potential markets**
- Minimisation of **drive times to potential markets**
- Availability and accessibility to an appropriate **skilled workforce**
- Ability of a **site to accommodate the necessarily large footprint** and building height involved with units of this size, and
- **Absence of neighbouring uses** where conflict is likely to arise/restrictions may be placed on business operations (e.g. adjacent residential use, which may result in conditions limiting hours of deliveries).

9.8 The Proposed Development site scores well in all these regards as summarised in the parallel JLL report. This is also evidenced by the very successful development of the adjacent St Modwen Park Tamworth development at the south east quadrant of Junction 10 of the M42. It is also worthy of note that the application site scored joint highest with two others of all sites being put forward as potential new strategic sites according to the high level assessment in the 2021 WMSESS (as set out in Table 6.3 of the report).

The likely labour market impact area

9.9 The first step in assessing the economic impact of the Proposed Development is to establish the **likely area or areas** where the majority of the economic impacts will be felt. Although the development is located in North Warwickshire Borough its proximity to other settlements outside North Warwickshire means that it is necessary to examine closely patterns of travel to establish in practical terms where many of the economic effects, in particular upon the labour market, will occur.

- 9.10 In order to define the impact area, we need to understand the likely future travel-to-work patterns of workers of the Proposed Development. The most recently available data on travel patterns of existing workers working in the “local area” is that from the 2011 Census. Data on travel to work patterns of the Middle Super Output Area (MSOA) which covers the Proposed Development site⁵⁶. It is unlikely that there have been any fundamental shifts in travel to work patterns over the last 10 years. Birch Coppice Business Park, a comparable development, is located within this MSOA, so it is reasonable to assume that the Proposed Development will see broadly similar travel to work patterns.
- 9.11 In 2011 well over half (53%) of existing workers in the local area travelled to work from the two districts of Tamworth and North Warwickshire (29% and 24% respectively) showing the importance of employment locations in this part of North Warwickshire for residents of Tamworth. The proportion of workers from the local area who lived in Tamworth in 2011 was 15% points above the overall figure for the whole of North Warwickshire (14%), whereas for North Warwickshire the local area has a similar proportion of North Warwickshire residents working there as for the whole district.
- 9.12 Overall, the review of travel to work patterns suggest workers at the Proposed Development will travel predominantly from Tamworth and the rest of North Warwickshire, such that the principal labour market benefits will be felt in those two districts. The other two areas where the labour market benefits are likely to be most significant in proportional terms are in Lichfield and Nuneaton and Bedworth.

Table 9.2: Travel to work patterns in the area of location of the Proposed Development

Local authority place of residence in 2011	No. of workers by place of residence working in the MSOA in 2011	% of all workers in MSOA in 2011 (A)	All North Warks in 2011 (B)	Difference in share MSOA compared to whole N. Warks (A minus B)	MSOA workers as % of all working age residents in the relevant local authority area
Tamworth	1,616	29%	14.4%	14.6%	3.2%
North Warwickshire	1,316	24%	25.3%	-1.3%	3.3%
Birmingham	563	10%	15.2%	-5.2%	0.1%
Nuneaton and Bedworth	392	7%	9.4%	-2.4%	0.5%
Lichfield	233	4%	3.0%	1.0%	0.4%
Walsall	149	3%	1.9%	1.1%	0.1%
Hinckley and Bosworth	101	2%	2.4%	-0.4%	0.2%
Solihull	97	2%	6.8%	-4.8%	0.1%
Coventry	93	2%	3.3%	-1.3%	0.0%
South Derbyshire	82	1%	1.2%	-0.2%	0.1%
All above	4,642	84%	83%	1.1%	

Source: Nicol Economics analysis of 2011 Census travel to work data

- 9.13 The Local Plan has significant new residential allocations at Dordon/Polesworth (161 hectares covered by allocation H7 for of the order of 2,000 homes). There is also a major allocation on land west of Robey's Lane, adjacent to Tamworth of 66 hectares (H13 with the capacity for 1,270 dwellings). Both allocations are very close to the application site, and so would be well-served by employment opportunities at the application site.

⁵⁶ The Middle Super Output Areas (MSOA) in which the Proposed Development is located is defined as MSOA North Warwickshire 002.

Additionality and displacement

- 9.14 In assessing the economic impact of any development in an area it is standard practice to distinguish between what economists call “gross” and “net” impacts. The former take the jobs and economic activity estimated at face value with no adjustments, the latter take account of the additionality (would the development go ahead anyway) and displacement (will the development simply relocate economic activity in full or part from elsewhere in the area considered). At a national level most property developments have a large element of displacement, however this is not true at a local or sub-regional level. The overall national economic benefits stem from the great degree of efficiency in business operations as a result of being able to access more suitable premises⁵⁷.
- 9.15 However, at a local level it is standard practice to describe the jobs located in a property development as being “supported” or “created” locally. This is true so long as, in the absence of the development, the business located there would not be located in the area. As this review shows there is very strong demand indeed for B8 sites in the North Warwickshire area and the M42 corridor more widely. Therefore in the absence of the development of proposed development site the evidence would suggest that the occupier requirements would have to be satisfied elsewhere in the wider region or even further afield.
- 9.16 Therefore it is reasonable to conclude that there would be limited displacement at the local level if the Proposed Scheme is developed (in other words the requirements would not be satisfied elsewhere in North Warwickshire, Tamworth, or potentially in the wider M42 corridor area). Or put another way, we would expect the great bulk of jobs on site to be **extra jobs for the local area** created by inward investment or by the expansion of existing local firms.
- 9.17 In the Socio-Economics Chapter of the ES a standard assumption of 25% displacement is made based on the HCA Additionality Guide (a ready reckoner figure for “low” levels of displacement) at both the local and regional levels. Given the comments above we consider such a figure would be a very conservative one erring the high side for displacement at the local level (ie North Warwickshire and Tamworth together).

Multipliers

- 9.18 The Treasury has recently released new guidance on multipliers in the updated Green Book⁵⁸. This suggests multipliers below the level of the UK (post leakage, displacement and substitution) that vary depending on the type of economic activity. For a “tradable” economic activity⁵⁹ the relevant central employment multipliers are:
- 0.9 extra FTE tradable jobs for every 1 net additional jobs created locally
 - 0.4 extra FTE non-tradable jobs for every 1 net additional jobs created locally,
 - Or overall 1.3 extra jobs.

⁵⁷ So the development of large distribution warehouses in accessible locations enables businesses to organise and distribute goods more efficiently benefitting consumers and the economy alike

⁵⁸ In Appendix A2. Place Based Analysis in The Green Book: Central Government Guidance on Appraisal and Evaluation, December 2020

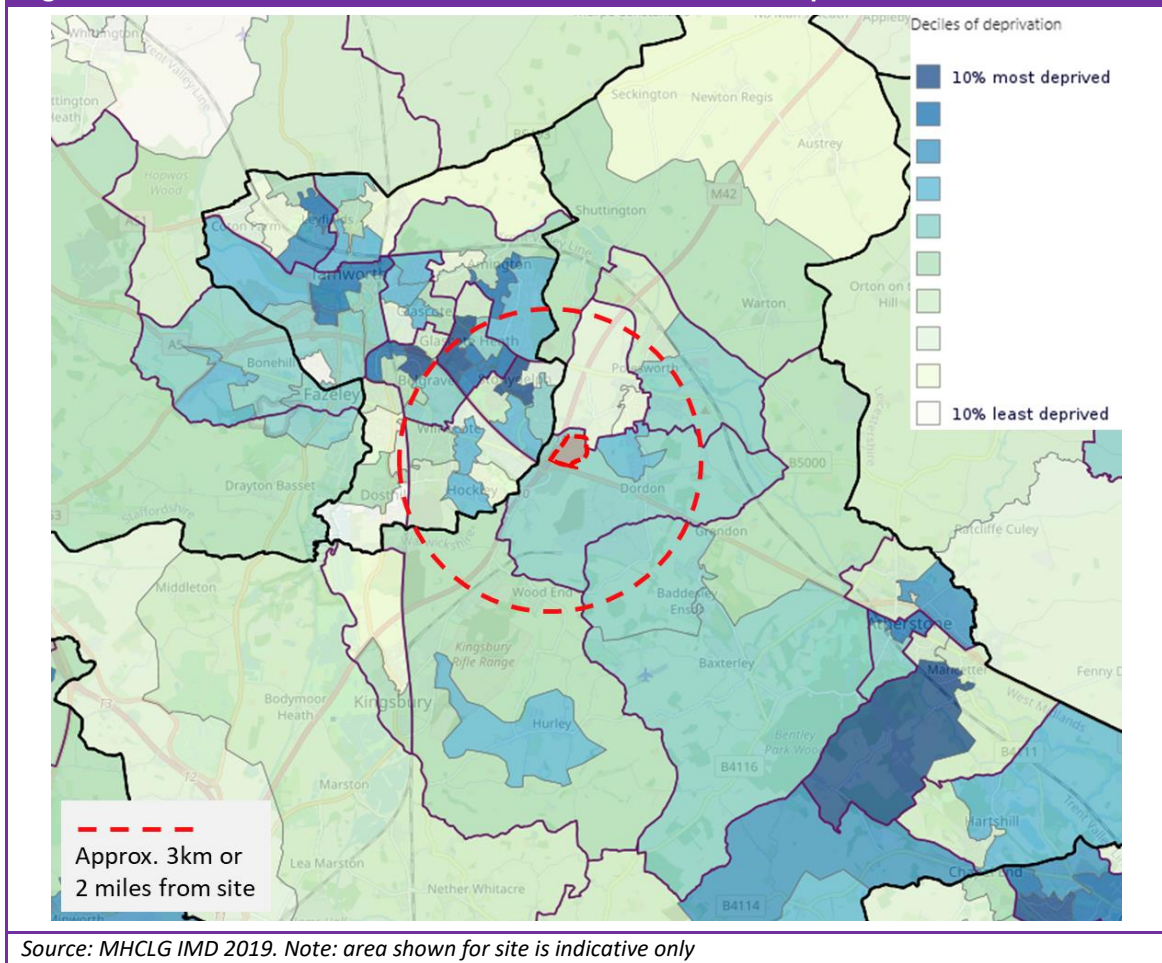
⁵⁹ Tradable sectors are where the output is sold mostly outside the local area. Non-tradable applies to activity where the output is mostly only delivered/sold within the local area.

- 9.19 Unfortunately the guidance does not differentiate between different spatial levels as multipliers will be lower for smaller spatial areas and economies. Given that North Warwickshire and Tamworth are relatively small geographies it might be appropriate to take the lower range in the HM Treasury guidance (combined multiplier for the tradeable sector of 0.4 jobs for every extra net job or as often expressed a multiplier of 1.4). The Socio-Economic Chapter of the ES uses a standard range of multipliers of 1.2 (local) to 1.5 (regional) from the HCA Additionality Guide which lies to the either side of potential figure of 1.4.

Role of Proposed Development in addressing to regeneration needs

- 9.20 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 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, Glasgote 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.
- 9.21 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.

Figure 9.1: Location of Dordon site in relation to local areas of deprivation



Contribution of the Proposed Development to the economy

9.22 Economists measure the overall value of economic activity via a variety of concepts; below the level of the nation the measure used is Gross Value Added (GVA). The potential economic benefits of the proposed development can be assessed by applying the most recent estimate of GVA per FTE employee in the sector in the region (£47,000 in 2018⁶⁰) to the estimates of jobs created. Based on the range of employment estimates in Table 9.2 this produces a range of annual GVA contribution to the North Warwickshire economy of between £58 million to £96 million. The ES uses the average GVA for all employees in Warwickshire of £58,600 in 2018 which leads to a higher GVA figures of £62.5 million to £104.2 million.

⁶⁰ Based on total GVA as estimated by the ONS of £6,250 million for Sector H (Transportation and storage) divided by the 134,500 FTE employees in 2018

Other benefits: non-domestic rates

- 9.23 Under the current local government finance regime, local authorities are, in effect, able to retain some of the increase in non-domestic rates base in their area as a result of net new development. For other large warehouses in North Warwickshire the typical rateable values per square metre are around £50. On this basis, the total rateable value for the completed development would be some £5 million and, based on the recent (2020/21) business rates multiplier of 51.2p in the £1, total rates payable would be £2.6 million per annum.
- 9.24 The precise parameters for how much of the extra rates base is retained locally is evolving, but at present it is around 50% of which the lower tier (ie North Warwickshire BC) would keep 80%. The completed development would therefore provide, potentially, at least £1.0 million of local tax revenue for use on local services every year.

10. Conclusions

Wider need

- 10.1 There is strong demand for well-located large employment sites in the West Midlands, particularly in the M42 corridor where, according to the WMSESS, very strong demand and market need exists, and the Proposed Development is located.
- 10.2 There is, currently, very limited available supply of large well located sites (and empty premises) suitable for “big box” occupiers serving logistics and industrial markets. The work by JLL in parallel to this report has identified just 2.5 years of supply of available premises and land in the wider location called Area A that included most of North Warwickshire (which is referenced in new policy LP6 in the adopted Local Plan for North Warwickshire).
- 10.3 The success over the last 20 years of Hams Hall and Birch Coppice is testament to the attractiveness of the location and how large scale strategic sites can drive economic growth. North Warwickshire has been one of the most successful economies in the region in terms of jobs and GVA growth
- 10.4 Past research has pointed towards a lack of supply of good quality large strategic sites across the region. With the deficit being particularly acute in the Coventry and Warwickshire area, a point highlighted recently by Coventry and Warwickshire LEP.
- 10.5 At a wider level across the whole M42 corridor there is just 2.1 years of supply of land based on average take-up rate over the last 5 years. Whilst focusing just on Area A/Area 2 there is, based on average take-up rate over the last 5 years, just 2.5 years of supply of land and buildings and 2.2 years for land. This is much lower than the estimated 3.7 years of land only supply that was assessed in 2015 in the West Midlands Strategic Employment Sites Study for Area A.
- 10.6 Therefore across the key wider market area that covers the Proposed Development and extends beyond the North Warwickshire area there is serious shortage of sites for larger users, and a worsening position. Peddimore is the only site that can fulfil the need for strategic sites in this area and significant space for large scale occupiers. This will create strong pressure on any remaining sites in the M42 corridor/Area A. The recent rapid development of St Modwen Park Tamworth is evidence of this.
- 10.7 There are very strong economic drivers that make Area A/Area 2 and within it North Warwickshire an attractive location to a wide range of businesses. Market forces means that regional, national and international business want to locate there for a variety of reasons:
 - Proximity to automotive firms such as BMW and JLR to support the supply chain
 - Excellent wider connectivity
 - Access to a large labour market in surrounding areas.
- 10.8 Recent national economic and social trends have been accelerated by Covid-19 resulting in extremely strong demand for large scale warehousing and associated logistics. Nationally and regionally recent take-up rates of large scale warehousing space has reached record levels and vacancy rates have continued to drop.

Local need

- 10.9 The policy and methodology for assessing need for employment land has been driven by the concept of “local” need. The methodology used has a number of flaws and limiting assumptions that has led it to dampen down assessed need.

- 10.10 In consequence the current draft Local Plan makes limited provision for future needs, furthermore part of the supply is in sites that are very unlikely to be developed for employment uses (the 23 hectares in Coleshill Hall Hospital and Hockley Park, Dosthill). The remaining supply is concentrated in one allocation (42 hectares at MIRA). This is not a typical general employment land allocation but is targeted on a partial set of uses and users.
- 10.11 These pressures will remain present whether or not NWBC allocates sites. This means an approach that tries to tie the provision of sites to some measure of local need will have unintended consequences as demand from “non-local” firms (however defined) will tend to compete for space and push up land/property costs and so reduce availability and for and the competitiveness of “local” firms.
- 10.12 This process will be all the stronger if there is limited supply for so-called regional need in surrounding areas elsewhere along the M42 corridor (as is quite clearly the case at present).
- 10.13 The 24 hectares left of general employment land in the borough that can accommodate normal industrial and logistics occupiers amounts to around 2 hectares of land per annum for the remainder of the Local Plan period. This is far below historic take-up rates and even well below the average annual “local” need identified in the local plan work of around 5 hectares averaged over the Local Plan period.
- 10.14 The combination of strong demand for large scale logistics and industrial occupiers to locate in the M42 corridor, coupled with very limited supply will create extremely strong pressure on the identified remaining “local” supply in North Warwickshire. The market and occupiers do not distinguish between regional and local supply. The limited available supply in North Warwickshire has and will continue to disappear rapidly.
- 10.15 The consequence is likely to be that the available supply of good quality sites for business in North Warwickshire and Tamworth (“local” as well as “non-local”) will shrink with adverse impacts of businesses scope to grow.
- 10.16 The recent Examination of the draft Local Plan clarified that the proposed allocation of 100 hectares for the 2011 to 2033 period would only cater for “local need”. Policy LP6 has therefore been introduced to recognise the role North Warwickshire could play in meeting wider need as this is explicitly not included in current allocations and provision.

Benefits of the Proposed Development

- 10.17 The circa 32 hectare Proposed Development site has the capacity to accommodate up to 100,000 sqm of employment development. It is very well located to attract occupiers and is very accessible to surrounding residential areas, especially in Dordon and in Tamworth.
- 10.18 The development of this site will fulfil two needs:
- (a) the wider regional need as identified in new Policy LP6. This will help the local and wider regional economy to continue to thrive and prosper;
 - (b) the gap identified in this report in local supply even using the Local Plan’s limited and in some respects flawed approach to assessing needs.
- 10.19 The development would directly support of the order of 260 to 280 person years of construction employment. Once fully operational, it will deliver much needed employment of the range from approximately 1,250 FTE up to potentially 2,050 FTE jobs and generate of the order of £62.5 million to £104.2 million of GVA annually on the site.

- 10.20 The development would create employment that is particularly well placed to be accessed by residents living in some of the most deprived areas of Tamworth and North Warwickshire, some of which lie in the top 10% and 20% most deprived areas in England. It would be well located in respect of large new housing allocations in the draft Local Plan.
- 10.21 As of June 2021, across North Warwickshire and Tamworth the total number of claimants was still some 1,800 higher than in March 2020 pre-pandemic. In the light of the economic shock created by Covid-19 these benefits are all the more welcome. Consequently, there is a strong economic need case in support of the Proposed Development.

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