

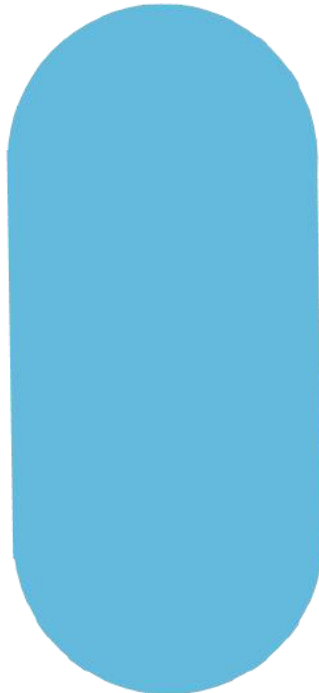


Representations

Rugby Borough Local Plan Review –
Regulation 18 Issues and Options Consultation

Submitted on behalf of Richborough Commercial
Land North of the M45

February 2024





1. Introduction

1. The following representations are made in response to the Rugby Borough Local Plan Review (RBLPR) Regulation 18 Issues and Options Consultation document (October 2023). The representations are submitted to Rugby Borough Council (RBC) by Marrons on behalf of Richborough Commercial, in respect of land to the north of the M45, south of Coventry Road, adjacent to the South West Rugby Strategic Urban Extension (SUE) and Symmetry Park.
2. These representations should be read alongside the accompanying supporting documents including:
 - a. An Initial Employment Needs Assessment produced by Marrons which reviews the extent of employment land needs within Rugby, and the wider functional market area of Coventry and Warwickshire (February 2024).
 - b. An Employment Land Report published by the Coventry and Warwickshire Chamber of Commerce which considers the employment land supply situation in the County (June 2023).
 - c. A Context Plan which shows the Site in relation to the South West Rugby SUE, in particular the adjacent Symmetry Park and adjoining bus stops.
 - d. A Concept Masterplan which identifies the boundaries of land north of the M45 and how a commercial development could be realised, including corresponding site areas (February 2024).
 - e. Highway Access Drawings.
 - f. A completed Call for Sites form which provides the necessary information to consider land north of the M45 as a potential site allocation (February 2024).
 - g. A Baseline Heritage Assessment (Marrons, January 2024).



2. Summary

3. A sufficient supply of available, deliverable and viable employment land in the right locations will be central to the future prosperity of Rugby, its residents and business. In response to the RBLPR Issues and Options, Richborough Commercial commissioned Marrons to undertake an Employment Needs Assessment (Marrons, January 2024) to consider the extent of employment land needs within Rugby and the wider functional market area of Coventry and Warwickshire. This report (enclosed) demonstrates the significant demands for new employment land through to 2050 which will need to be addressed through the RBLPR.
4. In meeting these needs it is important to highlight the unique potential of land under Richborough Commercial's control adjoining the South West Rugby SUE and Symmetry Park off the M45/A45 interchange. This Site should be allocated in the RBLPR as a unique opportunity to contribute towards a greater mix and diversity in the employment land supply, in a location which also avoids the need to release land in the Green Belt.

3. Response to consultation questions

Question 1: How much employment land should we be planning for?

5. As set out in the accompanying Employment Needs Assessment Rugby's strategic and non-strategic industrial needs are as follows.
 - Past completions, whilst constrained, indicate a need of between 337.5ha and 403ha to 2041 (the lower figure reflecting HEDNA evidence, the higher reflecting more recent completions), and between 468.2ha to 507ha to 2050.
 - Market forecasts by Deloitte, suggest stock growth of 6.3% per annum – equating to growth of 1,156ha by 2041, and 2,212 by 2050.
 - It is also appropriate for Rugby to meet a proportion of Coventry's unmet strategic needs (approximately 45ha by 2041, increasing to 60ha by 2050), plus the potential to meet a proportion of unmet (general industrial) non-strategic needs which would appear to total at least 87ha by 2041 and 154ha by 2050.



Question 2: What type of employment land should we be planning for?

6. Rugby Borough has a key role to play in the economic prosperity of the region given its location and the proximity to the strategic road network and Coventry. However, there is also an opportunity for Rugby to concentrate on local employment growth opportunities closer to its own majority population in Rugby town itself. The Council should consider a portfolio of sites, including smaller sites in sustainable locations that could provide the opportunity for non-strategic commercial development. Richborough Commercial's Site adjoining South West Rugby SUE and Symmetry Park presents a unique opportunity to do so.

Question 3. Please provide any comments you have on the suitability of any of the broad locations listed above (or another location we have missed).

7. The broad locations appear to be solely focussed on potential areas for the delivery of further large-scale manufacturing and distribution needs. It is unclear from the Council's evidence thus far what the justification for all of the locations identified is and, crucially, some of these lie within the Green Belt. The NPPF requires that local planning policies should carefully consider all suitable options outside of the Green Belt before determining boundaries should be amended, with the 'exceptional circumstances' test a high-bar in national planning policy.
8. Within this context it is important to recognise that Richborough Commercial has an agreement in place with the landowner to promote 11.8ha of land for employment to the north of the M45. As well as lying outside of the Green Belt, this is a unique location given its proximity to the South West Rugby SUE, Tritax Symmetry/Symmetry Park, the M45/A45 link, as well as benefiting from existing bus services on the B4429.
9. New employment in this location would therefore entirely complement planned strategic development which is already taking place in Rugby. Proximity of new homes on the South West Rugby SUE in particular is a sustainability advantage, co-locating new homes and jobs being central to reducing the need to travel by car. The enclosed context plan, therefore demonstrate how the Site aligns with and complements wider committed and allocated development in the area.



10. Fundamentally, the Site sits between the SW Rugby and A45/A4071 'potential strategic employment locations' shown on page 17 of the Issues and Options document, so is already in a broad location being considered by RBC.

11. The particular benefits of Richborough Commercial's proposals for land north of the M45 are as follows.

- Delivery of new employment land in a sustainable and accessible location, complementing the strategic provision of jobs, homes and infrastructure already planned by the Council, and on the Strategic Road Network (M45/A45 and nearby M1).
- The Site has no significant constraints in terms of technical considerations or environmental designations. Benefiting from robust and mature landscaped boundaries it is already visually contained, and its arable fields are of limited value for wildlife.
- Access is readily achievable via the B4429, with feasibility work and access designs already produced by Hub Transport Planning, and enclosed. No access to the Site is proposed or required via Thurlaston.
- Recognising the prevalence of larger storage and distribution type uses in Rugby, this Site lends itself to a greater range, mix and diversity of employment-generating uses, including smaller-medium scale units to support other types of employment, which we know that RBC is seeking to explore (e.g. industrial and manufacturing type uses). The attached illustrative plans show six buildings of varying sizes, as follows.

Building/unit	Size (sq ft)	Size (sq m)
A	8,200	762
B	10,500	975
C	32,500	3,019
D	49,250	4,575
E	144,500	13,424
F	217,250	20,183
Total	462,200	42,938



- Circa. 3.5ha of green infrastructure can be utilised to create areas for recreation, wildlife and other sustainable uses. The form and function of the proposed green infrastructure area will be explored in further detail in due course to maximise this opportunity, including the provision of new habitats for wildlife.

12. The enclosed masterplan demonstrates how the context of the existing settlement of Thurlaston can be taken into account, to minimise impacts on the setting of heritage assets through appropriate and robust landscaping (informed by the enclosed Baseline Heritage Assessment [Marrons, January 2024]). At the outline planning stage parameters can also be fixed to limit building heights from sensitive receptors, as part of a landscape and visual led design.

Question 4: How can we provide more space to allow existing businesses to expand?

13. Additional employment land of varying scales and differing locations should be provided to ensure that existing business that wish to expand can do so, without having to leave the Borough. This will be central to ensuring sustainable communities.
14. Currently, the Local Plan suggests that there is no requirement for additional employment land to meet local needs if the plan period is until 2041. However, the Employment Needs Assessment enclosed evidences the scale of the challenge, with the unique characteristics of Richborough Commercial's 11.8ha Site to the north of the M45 having a key role to play in helping to deliver a more diverse mix of employment land.

Question 5: We are minded to allocate sites specifically for industrial (B2) and light industrial (E(g)(iii)) uses. Do you support this and if so, where?

15. Richborough are support the principle of allocating development land specifically for industrial uses – potential which exists for Richborough Commercial's landholdings north of the M45 – but flexibility should still be incorporated within the wording of any planning policy.



Question 6: Are there exceptional circumstances that mean we should amend Green Belt boundaries to meet the need for employment land?

16. At present, there are no exceptional circumstances evident which would justify amendments to Green Belt boundaries to meet the need for employment land, particularly when considered within the context of available land in non-Green Belt locations, such as land under Richborough Commercial's control north of the M45.

Question 26: We are considering requiring all new non-residential development to be net zero. Do you agree?

17. In accordance with the recent Written Ministerial Statement (WMS) (December 2023), the Council should not set energy efficiency standards that go beyond the current or proposed building regulations¹. Should this change, the Council should seek to adopt a sufficiently flexible and viable policy if it is to require all new non-residential development to be net zero having regard to the WMS. There may be instances where non-residential development (particularly commercial or industrial operations) by virtue of its operational requirements and energy needs are not able to achieve net zero, and economic development should not be stifled in such circumstances.

Question 28: Should we require non-residential development to meet higher water efficiency standards to reduce water usage?

18. Should the Council seek to adopt a policy which requires non-residential development to meet higher water efficiency standards in the RBLPR, Richborough consider that sufficient flexibility should be incorporated.

19. There may be instances where non-residential development, through its operational requirements, are not able to achieve higher water efficiency requirements, and economic development should not be stifled in such circumstances. In addition, there could be an impact on development viability, particularly on brownfield sites.

20. Therefore, Richborough consider that a policy which encourages non-residential development proposals to achieve net zero, where appropriate, would be more suitable.

¹Wednesday 13 December 2023 <https://hansard.parliament.uk/commons/2023-12-13/debates/23121331000011/PlanningLocalEnergyEfficiencyStandards>

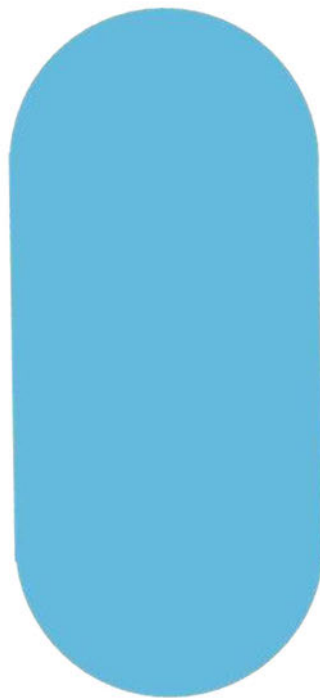


EMPLOYMENT NEEDS ASSESSMENT

RUGBY

RICHBOROUGH LIMITED

JANUARY 2024





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APPENDICES

APPENDIX 1 – Annual Monitoring Report Review – Rugby 2022/23

APPENDIX 2 – Review of completed employment sites – Rugby 2011 - 2023



1. EXECUTIVE SUMMARY

- 1.1 This Employment Needs Assessment has been prepared by Marrons on behalf of Richborough Limited.
- 1.2 The purpose of this Report is to assess, based upon current evidence, the extent of the employment land needs within Rugby, and the wider functional economic market area of Coventry and Warwickshire.
- 1.3 The Council has decided to proceed with a full update of its Adopted Local Plan (2011 – 2031). This decision followed, amongst other things, new evidence of future needs for homes and employment land, particularly warehousing uses. In respect of employment needs, the Issues and Options consultation draws attention to more recent evidence which establishes both non-strategic employment needs within Rugby, and broader strategic needs which for the time being have been identified only across the Coventry and Warwickshire functional economic market. Strategic industrial floorspace is defined by units exceeding 9,000 sq m (100,000 sq ft). Non strategic floorspace, comprise smaller units of less than 9,000 sq m.
- 1.4 The Coventry and Warwickshire HEDNA (November 2022) forms the core piece of evidence informing the Council's employment land requirement.
- 1.5 In respect of general (non-strategic) industrial land requirements the HEDNA measures future growth based upon past long term completions over the period 2011 – 2019. Based upon this calculation general industrial need over the period to 2041 stands at 150.5ha, increasing to 218.2ha by 2050. The Council considers that it has a sufficient identified supply to broadly meet this need to 2041, albeit as we note in doing so the Council include a number of strategic sites which meet strategic need (which in itself is additional to non-strategic need). The point being the Council are double counting its supply for both non-strategic and strategic purposes.
- 1.6 The HEDNA also assesses strategic warehousing need across Coventry and Warwickshire, basing its calculations on the same past completion period for the first 10 years of the plan and a slightly lower level of growth reflective of traffic demand in the second half of the plan period. Strategic needs within Coventry and Warwickshire total 551ha to 2041, increasing to 735ha to 2050.
- 1.7 Evidence has yet to be published determining the distribution of this strategic need. However, an assessment based upon past completions would indicate that 34% should be met by Rugby, and equating to 187ha of strategic needs by 2041, increasing to 250ha by 2050. This means, based upon evidence presented within the HEDNA that the Council should be planning to meet an industrial need equivalent to at least 337.5ha by 2041, and 468.2ha by 2050.



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- 1.8 However, the HEDNA bases its calculations of need on past completions over the period 2011 – 2019, but acknowledges that the shift towards ecommerce arising from the Covid pandemic has accelerated demand for logistics space.
- 1.9 This Report undertakes an assessment of the latest completions trends over the past 10 years (2014 – 2023) which show average annual completions to be 16% greater than the level of completions assessed by the HEDNA. On the basis that the Council should be planning based upon the most recent 10 year trend, Rugby’s strategic and non-strategic industrial land needs total 403ha by 2041 increasing to 547ha by 2050.
- 1.10 Notwithstanding, past completions will always be constrained to past evidence, and as such will not reflect unconstrained, policy off need.
- 1.11 In this respect the Coventry and Warwickshire Chamber of Commerce Employment Land Report, published in 2023, recommends allocating 20 per cent more land than recommended by HEDNA calculations to provide scope for more variety in the quality and quantity of land. It rightly considers that this will enable the market to function more efficiently and allow a vacancy rate that will assist market mechanisms in all employment sectors as well as give greater choice for businesses.
- 1.12 It also concludes that insufficient employment land has been allocated in the Local Plans in Coventry and Warwickshire historically, and the land which has been allocated has been used up far faster than anticipated. In addition, the report states that establishing future need for employment land based on projections of suppressed past take up rates will always underestimate the true requirement for employment land.
- 1.13 Separately, Deloitte note in its Transforming Logistics Paper, 2022, that the UK logistics market is projected to grow at a compounded annual growth rate of 6.3%, with road freight and haulage seen as a particular area of growth. Application of this level of growth to existing industrial stock within Rugby over the 20 year period to 2041 results in an increased demand for employment land (assuming a plot ratio of 0.4, and a flexibility margin of 5 years) totaling 1,156ha, increasing to 2,212ha by 2050.
- 1.14 We set out the various scenarios discussed in the tables below, both over the period to 2041 and 2050.



Figure 1.1 Rugby, Total Forecast Industrial Land Needs 2021 - 2041

Industrial Land Growth Scenarios - Rugby	Non-Strategic (General Industrial) ha	Strategic ha	Total ha
Rugby Local Plan Review	150.5	Rugby to meet as yet unspecified proportion of 551ha	Unspecified (upwards of 150.5ha)
Past Completions (HEDNA) 2011 – 2019	150.5	187*	337.5
Past Completions 2014 – 2023 (AMR)	403		
Deloitte Sector Based Forecast - Rugby	1,156		

Note: * Rugby's distribution of identified Coventry & Warwickshire wide strategic need amounts to 34% based upon past distribution (2011 – 2019)
All scenarios assume an additional 5 year flexibility margin as per HEDNA assumption

Figure 1.2 Rugby, Total Forecast Industrial Lane Needs 2021 - 2050

Industrial Land Growth Scenarios - Rugby	Non-Strategic (General Industrial) ha	Strategic ha	Total ha
Rugby Local Plan Review	218.2	Rugby to meet as yet unspecified proportion of 735ha	Unspecified (upwards of 218.ha)
Past Completions (HEDNA) 2011 – 2019	218.2	250*	468.2
Past Completions 2014 – 2023 (AMR)	547		
Deloitte Sector Based Forecast - Rugby	2,212		

Note: * Rugby's distribution of identified Coventry & Warwickshire wide strategic need amounts to 34% based upon past distribution (2011 – 2019)
All scenarios assume an additional 5 year flexibility margin as per HEDNA assumption

- 1.15 As demonstrated by the market indicators presented within this Report, there exists a significant level of unmet occupier demand for industrial floorspace within Rugby, and it is essential that this demand is not constrained by a limited supply of potential sites.
- 1.16 There is also a growing need to ensure there is a sufficient supply of sites to meet replacement stock requirements arising from aged stock that is no longer fit for purpose. Furthermore, it is essential that the Council adequately account for employment sites lost to other uses, such as residential development, and ensure sufficient sites are brought forward to address these losses.
- 1.17 In addition, analysis of Coventry's stated employment land position from its Issues and Options Local Plan consultation early this year demonstrates that it is unable to meet its own general industrial needs leading to a shortfall of at least 87ha, which will have to be met elsewhere by



2041.

- 1.18 On this basis it is reasonable to assume that Coventry is also unable to meet its strategic warehousing needs, and as such it may also be appropriate that Rugby plans to meet that unmet need. Various scenarios demonstrate that Rugby and Coventry's combined strategic warehouse need equates to approximately 43% of the Coventry and Warwickshire share. On this basis, and without accounting for more recent completions, it is reasonable to assume based upon evidence within the HEDNA that Rugby should plan to meet a proportion of what we consider will amount to Coventry's strategic needs of approximately 45ha by 2041, increasing to 60ha by 2050.
- 1.19 In summary therefore Rugby's strategic and non strategic industrial needs are as follows:
- Past completions, whilst constrained, indicate a need of between 337.5ha and 403ha to 2041 (the lower figure reflecting HEDNA evidence, the higher reflecting more recent completions), and between 468.2ha to 507ha to 2050.
 - Market forecasts by Deloitte, suggest stock growth of 6.3% per annum – equating to growth of 1,156ha by 2041, and 2,212 by 2050.
 - It is also appropriate for Rugby to meet a proportion of Coventry's unmet strategic needs (approximately 45ha by 2041, increasing to 60ha by 2050), plus the potential to meet a proportion of unmet (general industrial) non-strategic needs which would appear to total at least 87ha by 2041 and 154ha by 2050.
- 1.20 As a consequence of the above, Rugby Borough Council should plan for a significant increase in its employment land supply to account for both general industrial and strategic warehouse requirements, and ensure that demand is not constrained by limited supply. It is clear that this figure should exceed 337.5ha by 2041 based upon evidence presented within the Council's HEDNA, however given more recent evidence both in respect of past completions and market indicators the level of identified need far exceeds this. The Coventry and Warwickshire Chamber of Commerce recommend that Council's plan for 20% greater supply than the HEDNA indicates.



2. INTRODUCTION

- 2.1 This Employment Needs Assessment has been prepared by Marrons on behalf of Richborough Limited.
- 2.2 The purpose of this Report is to assess, based upon current evidence, the extent of the employment land needs within Rugby, and the wider functional economic market area of Coventry and Warwickshire.
- 2.3 Section 3 of this Report examines national planning policy associated with employment growth, whilst Section 4 summarises draft local planning policy, and section 5 includes a review of the employment needs evidence base.
- 2.4 Section 6 includes a review of neighbouring Coventry's likely levels of unmet need. Section 7 provides a summary of the supply and demand situation within Rugby.



3. NATIONAL PLANNING POLICY REVIEW

- 3.1 The National Planning Policy Framework (NPPF) (December 2023) requires that the preparation and implementation of plans and the application of policies in the framework deliver against its three sustainability objectives (economic, social and environmental). The economic objective of the NPPF is:

“to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity and by identifying and coordinating the provision of infrastructure;”¹

- 3.2 In ‘*building a strong, competitive economy*’, Section 6 requires that account is taken of local business needs and wider opportunities for development. Policies should 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. Critically paragraph 87 requires that recognition should also be given to addressing specific locational requirements of different sectors within planning policies, including:

“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.”

- 3.3 Government national Planning Practice Guidance (PPG) requires local authorities to prepare a robust evidence base to understand existing business needs, which encompass functional market areas, and for Local Enterprise Partnerships to play a key role in this process. The guidance requires that in gathering evidence to plan for business uses, local authorities will need to liaise closely with the business community, take account of the Local Industrial Strategy and understand current and future requirements.

- 3.4 In assessing business needs the guidance confirms assessment of the following:

- Best fit functional economic area;
- Existing stock of land for employment uses within the area;
- Recent pattern of employment land supply and loss;
- Evidence of market demand;

¹ Paragraph 8a, National Planning Policy Framework, December 2023



- Wider market signals; and any evidence of market failure.²
- 3.5 More specifically, the guidance also confirms the critical role the logistics industry plays “*in enabling an efficient, sustainable, and effective supply of goods for consumers and businesses, as well as contributing to local employment opportunities*”, something that has been brought into sharp focus during the COVID-19 pandemic. Importantly, the guidance also recognises that the logistics industry “*has distinct locational requirements that need to be considered in formulating planning policies (separately from those relating to general industrial uses)*”.³
- 3.6 The guidance confirms that strategic logistics facilities with a national or regional remit are likely to require significant amounts of land, good access to strategic transport networks, sufficient power capacity and access to appropriately skilled local labour. Policy-making authorities are encouraged to engage with logistics developers and occupiers to understand the changing nature of requirements in terms of the type, size and location of facilities, including the impact of new and emerging technologies.
- 3.7 Local authorities are also required to assess the extent to which land and policy support is required for other forms of logistics requirements, including ‘last mile’ facilities serving local markets.
- 3.8 Given Rugby’s location within the Golden Triangle and its position on the strategic road network, it has and will continue to experience a high demand for large scale (strategic) logistics floorspace, the need for which can only be met in a limited geography in order to serve national logistics operations. This same geography is also heavily constrained by Green Belt which tightly constraints the Metropolitan Areas of Birmingham and Coventry. The revised NPPF (December 2023) was strengthened in respect of Local Plan reviews and the consideration of Green Belt. Paragraph 145 of the NPPF states that “*once established there is no requirement for Green Belt boundaries to be reviewed or changed when plans are being prepared or updated. Authorities may choose to review and alter Green Belt boundaries where exceptional circumstances are fully evidenced and justified.*”
- 3.9 For some authorities within the Golden Triangle e.g. Coventry, this change to the NPPF will be problematic and significant, however in the case of Rugby, there is a large quantum of land located on and adjacent to the strategic highway network which is not constrained by Green Belt and provides the Council with the opportunity to both fully meet demand and not require the need for exceptional circumstances to be explored.
- 3.10 The benefits of being located centrally within the Golden Triangle to Rugby are significant, both in terms of direct job creation, as well as to the wider supply chain, and as is clear in Government

² Paragraph ID2a-026, PPG, 2019

³ Paragraph ID2a-031, PPG, 2019



Policy it is essential that the local authority ensures that this demand is met in full, where Green Belt releases are not required.

- 3.11 Paragraph 24 of the NPPF outlines the duty which local planning authorities are under to cooperate with each other on strategic matters which cross administrative boundaries. Paragraph 26 goes on to states:

“Effective and on-going joint working between strategic policy-making authorities and relevant bodies is integral to the production of a positively prepared and justified strategy. In particular, joint working should help to determine where additional infrastructure is necessary, and whether development needs that cannot be met wholly within a particular plan area could be met elsewhere.”

- 3.12 This is significant given Rugby’s adjacency to Coventry, a tightly constrained authority area which is unable to meet its employment land needs.



4. LOCAL PLAN POLICY REVIEW

- 4.1 This section of the Assessment reviews the draft Rugby Local Plan Review Issues and Options Consultation published in October 2023.

Rugby Local Plan Review Issues and Options (October 2023)

- 4.2 The Council has decided to proceed with a full update of its Adopted Local Plan (2011 – 2031). This decision followed, amongst other things, new evidence of future needs for homes and employment land, particularly warehousing uses.
- 4.3 The Adopted Local Plan (Adopted June 2019) identified a requirement to meet 208ha of employment land over the Plan period, which included 98ha to contribute Coventry’s unmet needs. Within Rugby, identified need totalled 110ha, and was based upon employment evidence prepared in 2015. The Adopted Plan identifies that in addition to meeting the quantitative need for employment land in Rugby, a proportion of this land must meet a qualitative demand for employment sites which provide for smaller units (5,000 – 50,000 sq ft.), and it considers this especially important in accommodating demand from firms requiring floorspace in this size band for B1c, B2 and ancillary B8 employment units.
- 4.4 The Council’s Local Plan Review is informed by the Coventry and Warwickshire Housing and Economic Development Needs Assessment prepared in 2022 (HEDNA). As identified in the Issues and Options Plan, the HEDNA identifies three components of employment land needs, 1) the net needs for office land totalling 5.2ha by 2041, increasing to 6.5ha by 2050; 2) the gross requirement for industrial land totalling 150.5ha by 2041, increasing to 218.2ha by 2050, and 3), the gross requirement for strategic warehousing land across Coventry and Warwickshire totalling 551ha by 2041 and 735ha by 2050. The strategic warehousing need is not distributed across respective Warwickshire authorities by the HEDNA. We examine the robustness of these figures later within this Report.
- 4.5 Whereas the HEDNA, paragraph 11.18 only goes as far as saying, when using gross completions to derive need that, “*some of the forecast need may occur on recycled existing industrial premises*”, as we set out later within this Report the level of replacement stock required in the coming years is significant and as such a reliance on recycled premises maybe unfounded and also not recognisant of market signals.
- 4.6 The Local Plan Review notes that whilst the HEDNA does not split the need for industrial and smaller warehouse land, it is recommended that the Council should make specific site allocations for B2 industrial and light industrial land. Paragraph 3.11 of the HEDNA goes on to confirm that feedback from local businesses indicates a shortage of ‘grown on space’ to allow existing



businesses to expand and incubator space for new start-ups.

- 4.7 The Local Plan Review confirms that the Council is in the process of producing a new economic strategy which will inform the Local Plan, and paragraph 3.21 of the Local Plan Review considers that it is the Council's expectation that the Economic Strategy will support the expansion of manufacturing, research and development employment land, and that additional site allocations are likely to be necessary to enable this need to be met. It is therefore important in this respect that the Borough provides a sufficient level of employment land to balance each of these competing priorities, including providing sufficient employment land to meet both strategic and non-strategic warehousing demand.
- 4.8 In setting out the reasons for the high need for warehousing, the Local Plan Review correctly identifies Rugby Borough's role within the Golden Triangle, meaning that it is optimally located in providing logistic operators with an efficient means of accessing large parts of the Country via the strategic road and rail network.
- 4.9 As noted in paragraph 3.17 of the Local Plan Review, Rugby is identified as having the highest proportion of business units used for transport and distribution (17.5% in 2021).
- 4.10 The Council also confirm in paragraph 3.22 the importance of planning for large warehouses, with reference to national planning policy, including the need to address the specific locational requirements of different sectors, which includes making provision for storage and distribution operations at a variety of scales and in suitably accessible locations.
- 4.11 In respect of identifying how the strategic warehousing needs may be met across individual authorities, paragraph 3.28 states that a new West Midlands Strategic Employment Sites Study will update the position on the supply of sites. The Council consider that this will provide a clearer picture of how much more land needs to be found across Coventry and Warwickshire to meet the need for strategic warehousing.
- 4.12 It is important to note in this respect that the strategic warehousing need identified within the Coventry and Warwickshire HEDNA originates from the Coventry and Warwickshire functional economic market area, and reflects the locational advantage that the area brings to logistics operators amongst other factors such as labour supply. It is essential that the Coventry and Warwickshire authorities collectively plan to meet that strategic need in full at the very least (accounting for unmet needs in surrounding authorities where necessary). It would be entirely inappropriate to assume that the identified strategic need could be met elsewhere and outside of the function economic market within which that need exists. Given the Warwickshire area is also constrained by Green Belt, those authorities that are able to allocate non Green Belt land towards meeting a higher proportion of this need, should therefore do so.



- 4.13 We undertake a series of scenarios assessing the reasonable distribution of strategic warehousing need later within this Report.
- 4.14 In respect of the supply, the Council, in paragraph 3.34 of the Local Plan Review assert that the 2022/23 Rugby Council Annual Monitoring Report (AMR) shows substantial progress to meeting the 2011-2031 requirement for employment uses, with 191.53ha of the target of 208ha either already built or under construction. However, reference to the 2022/23 AMR asserts that whilst the Council has met all but 2.7ha of Coventry's need (totaling 98ha), it has yet to meet some 13.8ha of Rugby's own needs.⁴
- 4.15 Our own assessment of supply since 2011, using information set out within each AMR (attached in Appendix 2), would suggest that after accounting for 30.18ha of employment land under construction, sites delivered and under construction to date only amounts to 183ha. As such there remains an outstanding requirement of 20.5ha.
- 4.16 It must also be remembered that the level of need identified in the Adopted Local Plan (208ha) originated from a 2015 evidence base, and bears no reflection of current needs – hence the reason why the Council are seeking to review its Plan. It would therefore be wrong to assume that needs to 2031 have been broadly met.
- 4.17 Furthermore, given that the Council's latest employment land need calculations are predicated on past completions, it would seem appropriate to incorporate these most recent completions referenced for the year 2022-23 into account when calculating future needs – we deal with this later within this report, albeit noting that these are constrained by a requirement derived from evidence prepared in 2015.
- 4.18 Paragraph 3.36 of the Local Plan Review refers to future supply as set out in the 2022/2023 AMR and goes on to confirm that 115ha of land has planning permission and is not yet under construction. It confirms this to mostly be made up of three sites (Prospero Ansty – 9.58ha, Tritax Symmetry SW Rugby allocation – 40.7ha and the former Rugby Radio Station allocation – 31ha). As a consequence, and accounting for completions between 2021 and 2023 said to total 32.65ha, the Council consider it has already identified a supply of 145.26ha to set against the future plan requirement of 150.5ha to 2041, and 218.2ha to 2050.
- 4.19 As a result it does not consider that it is required to find any further sites to meet the need requirement by 2041, and a further 40ha is required by 2050.
- 4.20 However, the 2022/2023 AMR clearly sets out planning permissions not yet under construction to

⁴ Page 11, Rugby Borough Council Annual Monitoring Report 2022-2023



total only 95.88ha⁵, some 19ha less than reported in the draft Local Plan calculation

- 4.21 Furthermore, it is important to note that firstly the requirement identified by the Council within this calculation excludes strategic warehousing requirements, some of which may well be met by the identified supply (noting that the Council has included the SW Rugby “strategic” allocation of 40.7ha within its calculation of supply to meet non-strategic needs), and secondly the requirement identified by the Council fails to account for recent completions within its calculation, meaning it is not reflective of more recent demand. Thirdly, the committed supply of 115ha (which we calculate to total 95.88ha) across these three sites was in response to meeting a need that was identified for a period to 2031.
- 4.22 Furthermore, analysis of the planning permissions under construction as set out in the 2022/2023 AMR (totaling 95.88ha) includes a large number of sites which meet a strategic logistics need – we calculate those elements to total 58.9ha.
- 4.23 These sites, as listed in the AMR include:
- Tritax Symmetary, Land North of Coventry Road – 40.7ha net, comprising a series of reserve matters approvals for units exceeding 100,000 sq ft.
 - Rolls Royce, Prospero, Ansty – 9.56ha net, comprising a series of units each exceeding 100,000 sq ft.
 - Land North and East of Castle Mound Way, Rugby – 8.61ha, comprising one single unit of 250,000 sq ft.⁶
- 4.24 These sites will not help fulfil the general industrial (non-strategic) needs identified by the Council. As a consequence the Council is 91.6ha short of meeting general industrial (non-strategic) need by 2041, and 159.3ha short of meeting needs by 2050.
- 4.25 Notwithstanding, the Local Plan Review details a number of potential strategic employment locations, which will be the subject of more detailed analysis once the Council has undertaken its employment land availability assessment. It should however be noted that in doing so the Council should also plan how best it might meet Coventry’s unmet employment land needs, in addition to its own strategic and non-strategic needs.

Summary

- 4.26 In recognition that the Local Plan is approaching five years since adoption, the Council are

⁵ Employment Land Overview table, Page 8, Rugby Borough Council Annual Monitoring Report 2022-2023

⁶ Pages 9-11, Rugby Borough Council Annual Monitoring Report 2022-2023



consulting on its Local Plan Review. In respect of employment needs, the Issues and Options consultation draws attention to more recent evidence which establishes both non-strategic employment needs within Rugby, and broader strategic needs which for the time being have been identified only across the Coventry and Warwickshire functional economic market.

- 4.27 In respect of non-strategic employment needs the Council suggest that they have a sufficient identified supply, albeit as we note in doing so the Council include a number of strategic sites which may meet strategic need (which in itself is additional to non-strategic need). The point being the Council are potentially double counting its supply for both non-strategic and strategic purposes.
- 4.28 In addition the Council welcomes recent levels of completions as meeting future identified need, yet as we highlight it is important that those recent completions feature in any calculation of need – at present they do not.
- 4.29 In respect of strategic employment land needs identified across the Coventry and Warwickshire functional economic market area, the Council await the publication of the new West Midlands Strategic Employment Sites Study. The Council consider that this will provide a clearer picture of how much more land needs to be found across Coventry and Warwickshire to meet the need for strategic warehousing. It is important to note in this respect that the strategic warehousing need identified within the Coventry and Warwickshire HEDNA, originates from Coventry and Warwickshire functional economic market area, and reflects the locational advantage that the area brings to logistics operators amongst other factors such as labour supply. It would be entirely inappropriate to assume that the identified strategic need could be met elsewhere and outside of the function economic market within which that need exists.
- 4.30 We review the Council's employment need evidence in the following section of this Report.



5. EMPLOYMENT LAND NEED EVIDENCE REVIEW

- 5.1 This section of the Assessment reviews the Council's underlying employment needs evidence. This is in the form of the Coventry and Warwickshire Housing and Economic Development Needs Assessment (HEDNA) published in 2022. We set this in the context of the West Midlands Local Industrial Strategy, and employment land evidence from the Coventry and Warwickshire Chamber of Commerce below.

The West Midlands Local Industrial Strategy (WMLIS) (2019)

- 5.2 The West Midlands Local Industrial Strategy (WMLIS) highlights the significant growth in productivity within the West Midlands over recent years, with productivity increasing, during 2018, at twice the rate of the UK average. The WMLIS highlights the acute shortage of large scale strategic sites that can have the greatest net additional impacts on growth and jobs. The LIS states that:

“These issues are most severe in Coventry and Warwickshire, but across the region there is a significant gap in good quality employment land” (pg. 63)

- 5.3 With regard to identifying employment land, the WMLIS referred to the West Midlands Strategic Employment Site Study, which would identify the £10bn worth of existing opportunities in identified investor-ready sites.

Coventry and Warwickshire Chamber of Commerce produced an Employment Land Report 2023

- 5.4 Coventry and Warwickshire Chamber of Commerce produced an Employment Land Report (CWELR) which sets out a detailed assessment of the current pool of employment land presently available in Coventry and Warwickshire. There is 98.3 hectares of “oven-ready” employment land which is immediately available across the whole sub-region and only one immediately available site of strategic scale (25ha+). The report highlights that there is a further 47 hectares, on top of the 98.3ha, likely to be available in the next 12 months, with 177 hectares at the advanced stage (allocated Local Plan Sites – timing dependent on ownership, infrastructure and demand).⁷
- 5.5 In addition, there is a potential 249ha of strategic sites which may contribute to the employment land supply, but the report notes due to constraints they these are unlikely to proceed at this stage or the sites already have a dedicated user, so they do not form part of the open market. The CWELR states that Coventry and Warwickshire are sorely lacking sufficient serviced land, both qualitatively and quantitatively, to encourage inward investment into the sub-region. The report

⁷ Page 4, Coventry & Warwickshire Employment Land Report, Coventry & Warwickshire



continues to emphasise bringing forward the right land for logistics in locations close to road and rail infrastructure.

- 5.6 The CWELR recommends allocating 20 per cent more land than recommended by HEDNA calculations to provide scope for more variety in the quality and quantity of land. The CWELR suggests that employment land should be given equal priority to housing land which is currently not a requirement.
- 5.7 The report concludes that insufficient employment land has been allocated in the Local Plans in Coventry and Warwickshire historically, and the land which has been allocated has been used up far faster than anticipated. In addition, the report states that establishing future need for employment land based on projections of suppressed past take up rates will always underestimate the true requirement for employment land.

Coventry & Warwickshire Housing & Economic Development Needs Assessment (HEDNA, 2022)

- 5.8 The HEDNA seeks to quantify the need for additional housing and employment floorspace across the wider housing and functional economic market area of Coventry and Warwickshire. In doing so, with the exception of strategic B8 land, it establishes need across each local authority area.
- 5.9 In considering employment land needs, the HEDNA utilises a range of different forecasting techniques, the first of which is a labour demand model which draws upon forecasts from Cambridge Econometrics (dated March 2021). Section 6 of the HEDNA summarises the economic growth potential of Coventry and surrounding local authority areas based upon these forecasts.
- 5.10 In summary it expects GVA across Coventry and Warwickshire to grow by 1.4% per annum over the period to 2043, which paragraph 6.11 confirms is slightly below longer term trends. Paragraph 6.12 confirms that total employment has grown at 1% per annum over the period since 1981, but the March 2021 Cambridge Econometrics forecast suggests growth of only 0.5% per annum.
- 5.11 Based upon the March 2021 Cambridge Econometrics forecast, Table 6.5 confirms that Rugby is set to grow by 7,800 jobs over the period 2019 – 2043, amounting to growth of 325 jobs per annum (a growth rate of 0.58% per annum). Over the plan period 2021 – 2041 this would appear to amount to 6,500 jobs.
- 5.12 However, we would express caution in placing too great a reliance on economic growth forecasts prepared during the COVID pandemic, particularly as the HEDNA notes that across the Coventry and Warwickshire functional economic market job growth is forecast at half that experienced over the longer term trend.



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- 5.13 This is particularly important given the ambitions of the Coventry and Warwickshire SEP Update 2016 which targeted growth in the local economy of 3.3% GVA per annum in order to bridge the gap with the wider national economy.
- 5.14 If employment within Coventry were to grow at a rate of 1% per annum (mirroring long term past growth of the functional economic market), this would amount to job growth of 558 per annum. Over the 20 year plan period this would amount to a further 11,160 jobs within Rugby.
- 5.15 In establishing employment land needs, as summarised above, the HEDNA adopts a number of different techniques. Table 11.2 of the HEDNA details the recommended levels of employment land need within Rugby across various uses including over the period to 2041: offices 5.2ha, general industrial 150.5ha plus a further 551ha of strategic B8 land which is as yet to be distributed across the Coventry and Warwickshire local authority areas. Over the period to 2050 the level of need increases to 6.5ha for offices, 218.2ha general industrial and 735ha of strategic B8 land across the functional economic market area.
- 5.16 For the purposes of establishing office floorspace need the HEDNA adopts a labour demand approach – essentially drawing upon the Cambridge Econometrics forecasts as detailed above. Table 9.4 of the HEDNA confirms an employment land need for offices of 3.3 ha to 2041, which is supplemented by a margin for flexibility of 1.9 ha (Table 11.1). However, as detailed above, in calculating office needs the HEDNA adopts a Cambridge Econometrics forecasts prepared during COVID which shows job growth of approximately 0.58% per annum, whereas longer term past trends would suggest growth of 1% should be pursued, which would have the effect of almost doubling office land need.
- 5.17 In calculating general industrial employment land need the HEDNA opts instead to draw upon past floorspace trends. This shows a higher level of need, than compared with a labour demand method, and is a more appropriate measure of industrial/ logistics demand given increased levels of automation within the sector, and significantly different levels of employment dependent on the nature of the logistics operation (meaning a job based approach to measuring need is less accurate).
- 5.18 In doing so the HEDNA assesses industrial floorspace change as reported by the Valuation Office (VOA), and separately past completions. Importantly however the HEDNA notes that the implications of assessing future delivery based on past supply trends would see future provision continuing to be concentrated in North Warwickshire. It notes that whilst North Warwickshire remains an attractive location for warehousing and logistics development, there is a case for seeking a broader spread of industrial land provision between the authorities within the sub-region (HEDNA, page 209).



- 5.19 In respect of past completions the HEDNA assesses the level of completions in employment uses over the period 2011 – 2019. This is said to amount to 133.6ha in Rugby, some 14.8ha per annum. Table 9.12 considers that 6% of this figure relates to E (g) uses (offices), whilst 53% relates to strategic sites. The remaining amount (41%) is assumed to relate to non-strategic industrial land.
- 5.20 Once extrapolated, Table 9.15 of the HEDNA confirms this to amount to 19.1ha of office land, 120.4ha of non-strategic industrial, and 157.4ha on strategic industrial land over the period to 2041. Strategic B8 need under this method of calculation across Coventry and Warwickshire equates to 457.6ha over the period to 2041. It is clear from this exercise that strategic warehousing needs within Rugby, or at least its proportion of the wider strategic needs across the functional economic market area amount to approximately 34% of that figure (i.e. 157.4ha / 457.6ha)
- 5.21 Whilst the HEDNA continues to adopt a labour demand approach in its assessment of office based need, it adopts past completions as a means of establishing need for non-strategic industrial need, and as we detail below it also draws upon past completions (in part) in calculating strategic need.
- 5.22 In respect of non-strategic industrial land, Table 11.1 of the HEDNA goes on to outline an additional margin of flexibility (amounting to an additional 5 years of need) totaling 30.1ha (this is assumed to relate to the period to 2041).
- 5.23 As detailed in Table 11.2, it concludes that general industrial need (non-strategic) totals 150.5ha to 2041 (i.e. 120.4ha based upon past completions, plus a 30.1ha margin).

Strategic B8 Need

- 5.24 The HEDNA goes on to undertake a separate assessment of strategic B8 need across the functional economic market area. This assessment is detailed in section 10 of the HEDNA. The HEDNA explains that a series of replacement growth scenarios were considered in establishing strategic warehousing needs which comprises two components, replacement build – reflecting the functional obsolescence of existing stock, and growth build – accommodating the link between new warehouses and growing traffic volumes. Based upon a preferred plot ratio of 0.35 this resulted in a range of between 356 – 483ha of need over the period to 2041 (across C&W). The HEDNA opts for a mid-point of 410ha. However, it goes on to consider that there are factors which point to the potential to see stronger demand than this, noting the shift towards ecommerce which has arisen from the Covid pandemic, which has accelerated previous trends.
- 5.25 As such the HEDNA considers it appropriate to plan for future development in line with completion trends (2011-2019) over the first 10 years, with the subsequent decade (2031 – 2041) then seeing slower growth in line with traffic growth and replacement demand modelling.
- 5.26 As a result the HEDNA assumes strategic needs based on completion trends over the first 10



years of the plan totaling 229ha, with traffic growth and replacement demand reflecting growth of 207ha in the latter 10 years of the Plan. It determines that total need over the period to 2041 totals 436ha. This figure is then increased to provide a 5 year flexibility margin by a further 115ha leading to a strategic B8 employment land requirement across C&W of 551ha by 2041, and 735ha by 2050.

- 5.27 If the HEDNA were to base these calculations on past completions (2011 – 2019) across the whole 20 year plan period this would increase to 573ha (to 2041).
- 5.28 Notwithstanding, as we detail below, more recent completion figures do now exist, and paint a picture of significantly higher levels of demand than is reflected in the past completion trends used within the HEDNA.

Distribution of Strategic (large scale) Warehousing Needs

- 5.29 The Coventry and Warwickshire authorities have yet to determine where the identified strategic warehousing need (551ha/ 735ha to 2041 and 2050 respectively) should be met. It is concerning to note, as detailed in earlier within this Report that Rugby Borough Council consider that this need may be in part met outside of Coventry and Warwickshire, particularly given that this is where the need arises and Coventry and Warwickshire is a functional economic market area. It is therefore essential that the identified need is met by these authorities.
- 5.30 In respect of where this need may be met it would seem logical to base this upon the demand for warehousing. In the absence of more recent published completions data across Coventry and Warwickshire, we have relied upon the strategic completions data reported in Table 9.15 of the HEDNA. On this basis completions over the period 2011 – 2019 within Rugby amount to 34% of all strategic completions across C&W. Undertaking a similar exercise using large scale warehousing stock shows that Rugby accommodates 19% of all floorspace across C&W, whilst an equivalent assessment using labour demand shows a similar percentage (19%), within Rugby.
- 5.31 Whilst the latter scenarios help frame the range, it is considered that completions provide the most appropriate method. This results in a need for Rugby to meet 187ha to 2041, increasing to 250ha by 2050.
- 5.32 However, as detailed in Table 5.1 below, we have also included figures for Coventry. This is important, given issues faced by Coventry in meeting its own non-strategic industrial land needs, as detailed later within this Report. As such it is necessary to understand the extent to which Rugby may be required to also meet Coventry's unmet strategic needs. As can be seen from the following table, whichever scenario is tested, collectively Rugby and Coventry would be required to meet approximately 43% of all strategic warehousing needs across the functional economic



market area. Based upon the HEDNA evidence this amounts to between 236ha to 2041 and 314ha to 2050.

Table 5.1 – Strategic Warehousing Distribution Scenarios

	Large scale floorspace		Strategic Completions pa		Labour demand	
	000s sqm	%	ha	%	000s	%
Rugby	431	19%	7.9	34%	14.7	19%
Coventry	505	23%	1.9	8%	17.8	24%
Coventry and Rugby Combined	936	42%	9.8	43%	32.5	43%
Total Coventry and Warwickshire	2244		22.9		75.6	

Source: C&W HEDNA 2022, tables 10.3, and 9.15

- 5.33 Therefore, in addition to the identified need within the HEDNA for Rugby to meet general (non-strategic) industrial needs totaling 150.5ha by 2041 and 218.2ha by 2050, based upon the distribution of past completions (2011 – 2019) it will also be necessary to meet an additional 187ha of strategic employment land needs by 2041, increasing to 250ha by 2050.
- 5.34 In addition Coventry’s strategic employment needs are likely to total 45ha by 2041, increasing to 60ha by 2050. It is reasonable to assume that Rugby will need to meet at least a proportion of these.

Table 5.2 Summary of Industrial Needs - Rugby

	Employment Land Requirement (ha)	
	2041	2050
General Industrial (non-strategic)	150.5	218.2
Strategic (distributed based upon past strategic completions within Rugby)	187	250
Total Industrial Need - Rugby	337.5	468.2
Proportion of Coventry’s Strategic need (distributed based upon past strategic completions within Coventry)	45	60

- 5.35 However, as we detail below, more recent 10 year completions data within Rugby indicates a higher level of growth, and should be accounted for in calculations of need.

More Recent Completions Data

- 5.36 It is important to note that the industrial employment land need figures established through the HEDNA (both non-strategic and strategic) are based upon past completion trends over the period 2011 – 2019. We also note that reference in the Local Plan Review to high levels of recent completions (2022/23), as well as paragraph 10.42 of the HEDNA which notes “*the shift towards e-commerce which has arisen from the Covid-19 pandemic, which has accelerated previous*



trends".

- 5.37 As such we consider it appropriate to assess the implications of future employment needs based upon the most recent available completions data.
- 5.38 As detailed in the HEDNA, it assessed completions over the period 2011 – 2019, confirming them to amount to an average of 14.8ha per annum, of which 94% (i.e. 13.9ha) relates to industrial employment land (strategic and non-strategic). The remaining 6% falls within office use.
- 5.39 The following Table 5.3 summarises completions over the most recent 10 year period, ending 2022/2023. These figures are derived from each of the Council's AMRs, and excluding some duplication of completions during the years 2016/17 and 2017/18. This shows an average annual level of completions totaling 17.2ha, representing a 16% increase in the average rate of completions compared to that assessed within the HEDNA. Excluding B1 only schemes, this figure reduces to an average of 16.1ha.
- 5.40 This suggests that the HEDNA evidence does not truly reflect the profound changes to market conditions experienced since both the Covid pandemic and Brexit, a point which appears to have been recognised in paragraph 10.42 of the HEDNA. Furthermore, as noted in the 2022/2023 AMR (page 9), there was a total of 30.2ha of employment land currently under construction, suggesting that completions in 2023/2024 will continue to remain high, increasing the 10 year average once again.
- 5.41 A simple extrapolation of the current annual average 10 year completion figure of 16.1ha, would suggest that the Council should be planning for at least 322ha of strategic and non-strategic industrial employment land over the period to 2041, which after allowing for a 5 year margin of flexibility (as per the HEDNA assumption) would increase to 403ha. This figure increases to 547ha by 2050.



Table 5.3 Employment Land Completions - Rugby

Year	All Completions (ha)	Completions (excluding B1 office only schemes) ha
2013/14	9.4	9.4
2014/15	33.7	29.7
2015/16	7.1	4.1
2016/17	51.5	51.5
2017/18	3.3	3.3
2018/19	3.0	1.4
2019/20	31.1	31.1
2020/21	0.4	0.4
2021/22	2.1	0.0
2022/23	30.6	30.6
Average pa	17.2	16.1

Source: Rugby Borough Council, AMRs 2013/14 – 2022/23
Detail set out in Appendix 2

- 5.42 Notwithstanding, past completions will always be constrained to past evidence, and as such will not necessarily reflect true, unconstrained demand, as has been highlighted by the Coventry and Warwickshire Chamber of Commerce as set out above.

Replacement Stock

- 5.43 The HEDNA also recognises the importance of accounting for the replacement of aged stock. Large scale logistics operators require modern units, with immediate access to the strategic road network. Access to power and a large labour force are also other key locational factors.
- 5.44 According to CoStar, 40% of existing industrial and logistics stock within Rugby, totaling 6.7m sq ft. is over 30 years old. A period of 30 years represents the useful economic life of a modern warehouse building⁸. Beyond this period they become functionally obsolete, as they tend not to be able to accommodate modern automated stock handling equipment, or transport equipment such as double stack trailers. Buildings reaching the end of their useful economic life and are no longer suitable for their original designed use, necessitating a more modern direct replacement.
- 5.45 The following Table 5.4 summarises existing floorspace by size band and age, and confirms that there is a greater proportion of smaller units within Rugby that are becoming obsolete. It will however be important for the Council to ensure that any replacement stock meets the needs of existing occupiers.

⁸ [General Report Template \(nwleics.gov.uk\), Warehousing and Logistics in Leicester and Leicestershire: Managing growth and change, April 2021 \(amended March 2022\)](https://www.nwleics.gov.uk/warehousing-and-logistics-in-leicester-and-leicestershire-managing-growth-and-change-april-2021-amended-march-2022) Leicester and Leicestershire Authorities, Final Report - paragraph 8.11



Table 5.4 Age of Existing Stock

Floorspace (sq ft)	All	>30 yrs old	% >30 yrs old
<75,000	4,080,471	2,453,959	60%
75,001 - 100,000	869,581	603,166	69%
100,001 - 250,000	6,013,041	1,600,407	27%
250,001 - 350,000	2,758,662	301,597	11%
>350,000	2,923,873	1,772,525	61%
Total	16,645,628	6,731,654	40%

Source: CoStar

- 5.46 The volume of floorspace over 30 years old increases to 8.2m sq ft. by 2041.
- 5.47 The HEDNA considers that as calculations of need have been undertaken based upon past completions these reflect gross employment land additions, which will incorporate replacement stock. Whilst this may be the case, this assumes that stock replacement remains at a steady rate which is consistent with past trends. As stock levels increase as will the rate of replacement stock.
- 5.48 A consequence of this process is that new sites need to be brought forward in order to allow occupiers to re-locate to new buildings, thereby releasing the existing facility for refurbishment or demolition. This process allows those existing sites which may be adjacent to or within urban areas but poorly suited for logistics operations (due to poor road network, irregular site etc.) to be released for other more appropriate uses, including housing.
- 5.49 It is estimated that the employment land necessary to accommodate all of the existing stock older than 30 years totals 178ha at current levels, increasing to 192ha by 2041 as further stock ages⁹. Whilst clearly much replacement stock will be developed on existing employment land, existing occupiers seeking larger units with closer proximity to the strategic road network may require alternative sites. Smaller business may continue to rely upon existing industrial areas and their redevelopment, to meet smaller/ medium sized requirements.

Summary

- 5.50 The Coventry and Warwickshire HEDNA 2022 forms the core piece of evidence informing the Council's employment land requirement. The HEDNA assesses the need for office, general industrial (including non-strategic warehousing), and strategic warehousing land requirements across Coventry and Warwickshire, the functional economic market area within which Rugby operates.
- 5.51 In respect of office land requirements the HEDNA adopts a labour demand approach, determining a requirement for 5.2ha to 2041 and 6.5ha to 2050 (both figures include a 5 year flexibility margin).

⁹ Assuming a plot ratio of 0.4



It is however important to note that an assessment of need based upon past completions would equate to a need for 19.1ha to 2041. This would suggest that the HEDNA labour demand based assessment of office needs is likely to constrain office market demand within Rugby, and that a higher requirement should be planned for.

- 5.52 In respect of general (non-strategic) industrial land requirements the HEDNA measures future growth based upon past long term completions over the period 2011 – 2019. Based upon this calculation general industrial need over the period to 2041 stands at 150.5ha, increasing to 218.2ha by 2050.
- 5.53 The HEDNA also assesses strategic warehousing need across Coventry and Warwickshire, basing its calculations on the same past completion period (2011 – 2019) and a slightly lower level of growth reflective of traffic demand in the second half of the plan period. Strategic needs within Coventry and Warwickshire total 551ha to 2041, increasing to 735ha to 2050.
- 5.54 Whilst the HEDNA does not seek to establish where that strategic floorspace need may be met across the functional economic market area, an assessment based upon past completions would indicate that 34% should be met by Rugby. In addition it is also clear that Coventry is unable to meet its employment needs due to its tightly constrained boundaries, and insufficient sites, and as such it is appropriate that Rugby plans to meet part of that need. Various scenarios demonstrate that Rugby and Coventry's combined strategic warehouse need equates to approximately 43% of the Coventry and Warwickshire share. On this basis, and as set out in Table 5.2 above, it is reasonable to assume based upon evidence within the HEDNA that Rugby should plan for a total of approximately 337.5ha of strategic and non-strategic industrial land to 2041, increasing to 468.2ha by 2050. As we detail in the later sections of this Report, there may also be a requirement for Rugby to assist in meeting Coventry's general industrial (non-strategic) employment land needs.
- 5.55 The HEDNA bases its calculations of need on past completions over the period 2011 – 2019, but acknowledges that the shift towards ecommerce arising from the Covid pandemic has accelerated demand for logistics space. As set out in Table 5.3 above, an assessment of the latest completions trends over the past 10 years (2014 – 2023) show average annual completions to be 17.2ha per annum, some 16% greater than the level of completions assessed by the HEDNA (14.8ha). On the basis that the Council should be planning based upon the most recent 10 year trend (16.1ha per annum after excluding B1 only schemes), Rugby's strategic and non-strategic industrial land needs total 403ha by 2041 increasing to 547ha by 2050.



6. COVENTRY'S UNMET EMPLOYMENT LAND NEED

- 6.1 The Coventry and Warwickshire Housing and Economic Development Needs Assessment (HEDNA) identifies a need for 8.5ha of office space, and 147.6ha of (non-strategic) general industrial land within Coventry. In addition a further 551ha has been identified as needed across Coventry and Warwickshire to meet strategic B8 demand – as detailed above an exercise to distribute this strategic logistics need across the various Coventry and Warwickshire authority areas has yet to be published.
- 6.2 Meanwhile, Coventry City Council's employment land evidence, contained within its Housing and Economic Land Availability Assessment 2023 (HELAA) identifies an employment land supply at March 2023 of 60.35ha (Table 4).
- 6.3 However, paragraph 3.63 of the HELAA, Table 6 attempts to compare this existing level of supply broken down by land type (and only totaling 59.63ha) with need as identified in the HEDNA (totaling only 12.8ha based upon labour demand only). As a result the table concludes there to be an over-supply across each employment land type. In doing so the HELAA has incorrectly drawn across the wrong figures from the HEDNA, and significantly understated the level of need identified, totaling 147.6ha of general industrial (non-strategic) need to 2041, increasing to 214ha by 2050. This figure excludes any strategic warehousing needs which Coventry may need to meet.
- 6.4 An extract of Table 6 of the HELAA has worked its way into the Draft Coventry Local Plan (Table 5), and results in the City Council concluding within its Non-Technical Summary Issues and Options Consultation document that it has a sufficient supply of employment land (despite referencing the correct need figure of 147.6ha (page 4)).
- 6.5 As a consequence the City faces a significant shortfall in the future provision of employment land necessary to meet identified need, being in excess of 87ha (excluding any further strategic B8 needs which may also be required to be met).
- 6.6 We would encourage Rugby Borough Council to continue joint working with its neighbouring authorities in ensuring employment land needs of Coventry can be met, where possible within close proximity to Coventry City and accessible to its resident workforce. However in some Authorities this may give rise to the consideration of Green Belt land for which exceptional circumstances will need to be evidenced and justified,



7. SUMMARY OF SUPPLY AND DEMAND POSITION

Supply

- 7.1 The Local Plan Review references three sites which the Council considers largely contribute to planning permissions for 115ha of employment land as set out in its 2022/2023 AMR. The sites, Prospero Ansty – 9.58ha, Tritax Symmetry SW Rugby allocation – 40.7ha and the former Rugby Radio Station allocation – 31ha, are coupled with completions totaling 32.65ha over the period 2021 – 2023.
- 7.2 However, a review of the 2022/2023 AMR confirms these figures to be incorrect, as reported planning permissions (not yet to be under construction) only total 95.88ha.
- 7.3 Accounting for completions between 2021 and 2023 said to total 32.65ha, the Council consider it has already identified supply of 145.26ha to set against the future plan requirement of 150.5ha to 2041, and 218.2ha to 2050, however the latest AMR would suggest identified supply to be 19.12ha less than reported in the Draft Local Plan
- 7.4 Furthermore, analysis of the planning permissions under construction as set out in the 2022/ 2023 AMR (totaling 95.88ha) includes a large number of sites which meet a strategic logistics need – we calculate those elements to total 58.9ha.
- 7.5 These sites, as listed in the AMR include:
- Tritax Symmetry, Land North of Coventry Road – 40.7ha net, comprising a series of reserve matters approvals for units exceeding 100,000 sq ft., with the remainder of the site capable of delivering build to suit units of between 100,000 sq ft. and 1 million sq ft.
 - Rolls Royce, Prospero, Ansty – 9.56ha net, comprising a series of units each exceeding 100,000 sq ft.
 - Land North and East of Castle Mound Way, Rugby – 8.61ha, comprising one single unit of 250,000 sq ft.
- 7.6 These sites will not help fulfil the general industrial (non-strategic) needs identified by the Council. As a consequence, the Council is significantly short of meeting growing general industrial needs.
- 7.7 It is essential that both the completions (2021-2023), and the identified supply only relate to floorspace capable of meeting general industrial need and not strategic need. On the face of it the sites identified by the Council are strategic sites, and therefore in many cases will at least in part meet a strategic need, meaning that general industrial needs will remain unmet. Further



explanation is required from the Council on how the supply figures for meeting general industrial (non-strategic) sites have been compiled.

- 7.8 Notwithstanding, it is clear from the evidence presented that Rugby will also be accountable for meeting future strategic needs generated within the functional economic market area. Given its proximity to neighbouring Coventry, it is also likely to face increasing demand as a result of Coventry's unmet need. Whether planned or not, Rugby is likely to face an increased demand for floorspace as result of constrained supply within Coventry.
- 7.9 As such it is entirely appropriate for the Council to plan for a higher level of supply than currently appears to be the case.

Need and Demand

Rugby General Industrial and Strategic Warehousing

- 7.10 As set out above, Tables 11.2 and 11.3 of the HEDNA demonstrate a need for 150.5ha general industrial (non-strategic) employment land needs by 2041, increasing to 218.2ha by 2050 within Rugby.
- 7.11 Tables 11.2 and 11.3 of the HEDNA also demonstrate a Coventry and Warwickshire wider strategic employment land need of 551ha to 2041 increasing to 735ha by 2050. Whilst the HEDNA does not seek to establish where that strategic floorspace need may be met across the functional economic market area, an assessment based upon past completions would indicate that 34% should be met by Rugby. As such it is reasonable to assume that Rugby should plan to meet around 187ha of strategic level warehousing need by 2041, increasing to 250ha by 2050.
- 7.12 In combination, and based upon the HEDNA evidence the Council should be planning to meet strategic and non-strategic needs totaling 337.5ha by 2041, increasing to 468.2ha by 2050.



Table 7.1 Summary of Industrial Needs – Rugby (excluding unmet needs from Coventry)

	Employment Land Requirement (ha)	
	2041	2050
General Industrial (non-strategic)	150.5	218.2
Strategic (34% distributed to Rugby based upon past completions)	187	250
Total Industrial Need	337.5	468.2

Source: C&W HEDNA Tables 9.14, 9.15, 11.2, 11.3

- 7.13 However, the assessment of warehousing need (both strategic and non-strategic) within the HEDNA is based upon past completions within Rugby over the period to 2019, and it is clear that completions since 2019 have been higher.
- 7.14 Evidence published within the Council's AMRs indicates that over the 10 year period to 2023, annual completions have grown at a rate 16% higher than over the period 2011 – 2019 (as assessed within the HEDNA).
- 7.15 On the basis that the Council should be planning based upon the most recent 10 year trend, Rugby's strategic and non-strategic industrial land needs total 403ha by 2041 increasing to 547ha by 2050. This does not assume that strategic needs are constrained in the latter part of the plan to account for forecast freight movement. Whilst this is assumed within the HEDNA, this would appear to reflect a constraint that would artificially suppress need, particularly as the HEDNA considers in paragraph 10.42 there to be a number of factors which indicate that demand will be stronger than reported traffic growth scenarios.

Table 9.2 Comparison of Industrial Needs Based on More Recent Completions – Rugby

Growth Scenarios – Past Trends	Employment Land Requirement (ha)	
	2041	2050
HEDNA derived industrial needs (strategic and non-strategic) – past completions 2011 - 2019	337.5	468.2
Industrial needs (strategic and non-strategic) – past completions 2014 - 2023	403	547

- 7.16 However, as noted by Coventry and Warwickshire Chamber of Commerce in its Employment Land Report (2023), establishing future need for employment land based on projections of suppressed past take up rates will always underestimate the true requirement for employment land.
- 7.17 CoStar (commercial property database) reports the Rugby industrial market to have been very active in recent years, whilst rents reportedly grew by 7.3% of the last 12 months, exceeding the past 10 year average of 5.3%.



- 7.18 The BPF Report, Levelling Up – the Logic of Logistics notes that during periods of suppressed demand (i.e. under supply) rental growth peaks. It also considers that equilibrium in the market is established when availability of floorspace stands at 8% of stock.
- 7.19 CoStar reports that availability rate of logistics floorspace within the wider Coventry & Warwickshire market stands at 6.7%, below the equilibrium rate of 8% suggesting a current level of suppressed demand, which tallies with the significant levels of rental price growth experienced. Furthermore, CoStar confirms the vacancy rate of logistics floorspace now stands at only 5%.
- 7.20 There has been significant change in the logistic sector resulting from both the COVID and Brexit, resulting in a far greater demand for logistics floorspace than was previously the case. As a result a reliance on past completions will suppress true demand.
- 7.21 Furthermore, Deloitte note in its Transforming Logistics Paper, 2022, that the UK logistics market is projected to grow at a compounded annual growth rate of 6.3%, with road freight and haulage seen as a particular area of growth. Application of this level of growth to existing industrial stock within Rugby (totaling 16.6m sq ft. – as detailed in Table 5.4 above) over the 20 year period to 2041 results in an increased demand for employment land (assuming a plot ratio of 0.4, and a flexibility margin of 5 years) totaling 1,156ha, increasing to 2,212ha by 2050.
- 7.22 Reliance on past completions informing future projections should therefore be treated with caution.

Coventry's Unmet Needs

- 7.23 In addition, analysis of Coventry's stated employment land position from its Issues and Options Local Plan consultation early this year demonstrates that it is unable to meet its own general industrial needs leading to a shortfall of at least 87ha, which will have to be met elsewhere.
- 7.24 On this basis it is reasonable to assume that Coventry is unable to meet its strategic warehousing needs, and as such it may also be appropriate that Rugby plans to meet that unmet need. Various scenarios demonstrate that Rugby and Coventry's combined strategic warehouse need equates to approximately 43% of the Coventry and Warwickshire share. On this basis, and without accounting for more recent completions, it is reasonable to assume based upon evidence within the HEDNA that Rugby should plan to meet a proportion of what we consider will amount to Coventry's strategic needs amounting to approximately 45ha by 2041, increasing to 60ha by 2050.
- 7.25 In summary therefore Rugby's strategic and non-strategic industrial needs are as follows:
- Past completions, whilst constrained, indicate a need of between 337.5ha and 403ha to 2041 (the lower figure reflecting HEDNA evidence, the higher reflecting more recent completions), and between 468.2ha to 507ha to 2050;



- Market forecasts by Deloitte, suggest stock growth of 6.3% per annum – equating to growth of 1,156ha by 2041, and 2,212 by 2050;
- It is also appropriate for Rugby to meet a proportion of Coventry's unmet strategic needs (approximately 45ha by 2041, increasing to 60ha by 2050), plus the potential to meet a proportion of unmet (general industrial) non-strategic needs which would appear to total at least 87ha by 2041 and 154ha by 2050.



8. CONCLUSIONS

- 8.1 This assessment has been prepared on behalf of Richborough Limited. The purpose of this Report is to assess, based upon current evidence, the extent of the employment land needs within Rugby and the wider functional economic market area of Coventry and Warwickshire.
- 8.2 The National Planning Policy Framework (NPPF) seeks to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right place and at the right time to support growth. The NPPF places significant emphasis on the need to address the specific locational requirements of different sectors including storage and distribution operations.
- 8.3 Given Rugby's location within the Golden Triangle and its position on the strategic road network, it has and will continue to experience a high demand for large scale (strategic) logistics floorspace, the need for which can only be met in a limited geography in order to serve national logistics operations. This is in addition to growing non-strategic floorspace demand within Rugby, both in respect of additional, as well as replacement aged stock no longer fit for purpose.
- 8.4 The benefits of this to Rugby are significant, both in terms of direct job creation, as well as to the wider supply chain, and as is clear in Government Policy it is essential that the local authority ensures that this demand is met in full. Strategic warehousing occupiers can also assist in providing office floorspace, which whilst ancillary to the main purpose of the site will offer finance and operational office related jobs.
- 8.5 Furthermore, the NPPF requires effective and on-going joint working between local authorities in ensuring development needs are met. This is significant given Rugby's adjacency to Coventry, a tightly constrained authority area which is unable to meet its employment land needs.
- 8.6 The Council has decided to proceed with a full update of its Adopted Local Plan (2011 – 2031). This decision followed, amongst other things, new evidence of future needs for homes and employment land, particularly warehousing uses. In respect of employment needs, the Issues and Options consultation draws attention to more recent evidence which establishes both non-strategic employment needs within Rugby, and broader strategic needs which for the time being have been identified only across the Coventry and Warwickshire functional economic market.
- 8.7 In respect of non-strategic employment needs the Council suggest that they have a sufficient identified supply, albeit as we note in doing so the Council include a number of strategic sites which meet strategic need (which in itself is additional to non-strategic need). The point being the Council are double counting its supply for both non-strategic and strategic purposes.
- 8.8 In addition the Council welcomes recent levels of completions as meeting future identified need,



yet as we highlight it is important that those recent completions feature in any calculation of need – at present they do not.

- 8.9 In respect of strategic employment land needs identified across the Coventry and Warwickshire functional economic market area, the Council await the publication of the new West Midlands Strategic Employment Sites Study. The Council consider that this will provide a clearer picture of how much more land needs to be found across Coventry and Warwickshire to meet the need for strategic warehousing. It is important to note in this respect that the strategic warehousing need identified within the Coventry and Warwickshire HEDNA, originates from Coventry and Warwickshire functional economic market area, and reflects the locational advantage that the area brings to logistics operators amongst other factors such as labour supply. It is essential that the Coventry and Warwickshire authorities collectively plan to meet that strategic need in full at the very least (accounting for unmet needs in surrounding authorities where necessary). It would be entirely inappropriate to assume that the identified strategic need could be met elsewhere and outside of the function economic market within which that need exists.
- 8.10 The Coventry and Warwickshire HEDNA 2022 forms the core piece of evidence informing the Council's employment land requirement. The HEDNA assesses the need for office, general industrial (including non-strategic warehousing), and strategic warehousing land requirements across Coventry and Warwickshire, the functional economic market area within which Rugby operates.
- 8.11 In respect of general (non-strategic) industrial land requirements the HEDNA measures future growth based upon past long term completions over the period 2011 – 2019. Based upon this calculation general industrial need over the period to 2041 stands at 150.5ha, increasing to 218.2ha by 2050. We summarise in Figure 8.1 and 8.2 below.
- 8.12 The HEDNA also assesses strategic warehousing need across Coventry and Warwickshire, basing its calculations on the same past completion period for the first 10 years of the plan and a slightly lower level of growth reflective of traffic demand in the second half of the plan period. Strategic needs within Coventry and Warwickshire total 551ha to 2041, increasing to 735ha to 2050.
- 8.13 Whilst the HEDNA does not seek to establish where that strategic floorspace need may be met across the functional economic market area, an assessment based upon past completions would indicate that 34% should be met by Rugby, and equating to 187ha of strategic needs by 2041, increasing to 250ha by 2050. This means, based upon evidence presented within the HEDNA that the Council should be planning to meet an industrial need equivalent to at least 337.5ha by 2041, and 468.2ha by 2050.



- 8.14 However, the HEDNA bases its calculations of need on past completions over the period 2011 – 2019, but acknowledges that the shift towards ecommerce arising from the Covid pandemic has accelerate demand for logistics space. An assessment of the latest completions trends over the past 10 years (2014 – 2023) show average annual completions to be 16% greater than the level of completions assessed by the HEDNA. On the basis that the Council should be planning based upon the most recent 10 year trend, Rugby strategic and non-strategic industrial land needs total 403ha by 2041 increasing to 547ha by 2050.
- 8.15 Notwithstanding, past completions will always be constrained to past evidence, and as such will not reflect unconstrained, policy off need.
- 8.16 Separately, Deloitte note in its Transforming Logistics Paper, 2022, that the UK logistics market is projected to grow at a compounded annual growth rate of 6.3%, with road freight and haulage seen as a particular area of growth. Application of this level of growth to existing industrial stock within Rugby (totaling 16.6m sq ft.) over the 20 year period to 2041 results in an increased demand for employment land (assuming a plot ratio of 0.4, and a flexibility margin of 5 years) totaling 1,156ha, increasing to 2,212ha by 2050.
- 8.17 We set out the various scenarios discussed in the table below, both over the period to 2041 and 2050.

Figure 8.1 Rugby, Total Forecast Industrial Land Needs 2021 - 2041

Industrial Land Growth Scenarios - Rugby	Non-Strategic (General Industrial) ha	Strategic ha	Total ha
Rugby Local Plan Review	150.5	Rugby to meet as yet unspecified proportion of 551ha	Unspecified (upwards of 150.5ha)
Past Completions (HEDNA) 2011 – 2019	150.5	187*	337.5
Past Completions 2014 – 2023 (AMR)	403		
Deloitte Sector Based Forecast - Rugby	1,156		

Note: * Rugby's distribution of identified Coventry & Warwickshire wide strategic need amounts to 34% based upon past distribution (2011 – 2019)

All scenarios assume an additional 5 year flexibility margin as per HEDNA assumption

Figure 8.2 Rugby, Total Forecast Industrial Lane Needs 2021 - 2050

Industrial Land Growth Scenarios - Rugby	Non-Strategic (General Industrial) ha	Strategic ha	Total ha
Rugby Local Plan Review	218.2	Rugby to meet as yet unspecified proportion of 735ha	Unspecified (upwards of 218.ha)



Past Completions (HEDNA) 2011 – 2019	218.2	250*	468.2
Past Completions 2014 – 2023 (AMR)	547		
Deloitte Sector Based Forecast - Rugby	2,212		

Note: * Rugby's distribution of identified Coventry & Warwickshire wide strategic need amounts to 34% based upon past distribution (2011 – 2019)

All scenarios assume an additional 5 year flexibility margin as per HEDNA assumption

- 8.18 As demonstrated by the market evidence presented within this Report, there exists a significant level of unmet occupier demand for industrial floorspace within Rugby, and it is essential that this demand is not constrained by a limited supply of potential sites.
- 8.19 There is also a growing need to ensure there is a sufficient supply of sites to meet replacement stock requirements arising from aged stock that is no longer fit for purpose. Furthermore, it is essential that the Council adequately account for employment sites lost to other uses, such as residential development, and ensure sufficient sites are brought forward to address these losses.
- 8.20 In addition, analysis of Coventry's stated employment land position from its Issues and Options Local Plan consultation early this year demonstrates that it is unable to meet its own general industrial needs leading to a shortfall of at least 87ha, which will have to be met elsewhere by 2041.
- 8.21 On this basis it is reasonable to assume that Coventry is also unable to meet its strategic warehousing needs, and as such it may also be appropriate that Rugby plans to meet that unmet need. Various scenarios demonstrate that Rugby and Coventry's combined strategic warehouse need equates to approximately 43% of the Coventry and Warwickshire share. On this basis, and without accounting for more recent completions, it is reasonable to assume based upon evidence within the HEDNA that Rugby should plan to meet a proportion of what we consider will amount to Coventry's strategic needs amounting to approximately 45ha by 2041, increasing to 60ha by 2050

Summary

- 8.22 As detailed within this assessment there are a number of components which make up Rugby's industrial employment land needs, including general (non-strategic) industrial requirements, a proportion of Coventry and Warwickshire's strategic warehousing needs, and a potential requirement to meet Coventry's unmet strategic and non-strategic employment land needs. We calculate Rugby's industrial land requirements to total at least 337.5ha to 2041, and 468.2ha by 2050.
- 8.23 The Draft Local Plan Review asserts that it has a supply of 145ha of industrial land. However, reference to the AMR 2022/2023 confirms planning permissions (yet to be under construction) to



be 19ha short of that assumed in the Draft Local Plan.

- 8.24 There remains therefore a significant shortfall to meeting identified future industrial needs. Furthermore, many of the sites relied upon by the Council's as having planning permission or identified completed sites meet a strategic logistics need, highlighting the shortfall in general industrial (non-strategic) sites.
- 8.25 However, more recent 10 year completion trends indicate identified need to be higher (403ha by 2014 increasing to 547ha by 2050). Market evidence provided by Deloitte frames these scenarios in much higher levels of market growth.
- 8.26 It is also important to note the findings of the Coventry and Warwickshire Chamber of Commerce Employment Land Report published in 2023. This recommends allocating 20 per cent more land than recommended by HEDNA calculations to provide scope for more variety in the quality and quantity of land. The CWELR suggests that employment land should be given equal priority to housing land which is currently not a requirement.
- 8.27 The report also concludes that insufficient employment land has been allocated in the Local Plans in Coventry and Warwickshire historically, and the land which has been allocated has been used up far faster than anticipated. In addition, the report states that establishing future need for employment land based on projections of suppressed past take up rates will always underestimate the true requirement for employment land.
- 8.28 As a consequence the Council should plan for a significant increase in its employment land supply to account for both general industrial and strategic warehouse requirements, and ensure that demand is not constrained by limited supply.
- 8.29 It is clear that this figure should exceed 337.5ha by 2041 based upon evidence presented within the Council's HEDNA, however given more recent evidence both in respect of past completions and market indicators the level of identified 'policy off' need far exceeds this.

**INDUSTRIAL /
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Coventry & Warwickshire

**Employment Land
Report**



Coventry & Warwickshire
Chamber of
Commerce
The Ultimate Business Network

Coventry and Warwickshire Chamber of Commerce has enjoyed excellent working relationships with our Local Authority partners for 120 years. Together we have laid the foundations for businesses to grow, to create jobs and to export products and services across the world.



Coventry and Warwickshire Chamber of Commerce has been monitoring and measuring the total employment land supply across the sub-region for the last seven years.



As a Chamber of Commerce, we have been consulting with our members and partners on the Local Plans of our Local Authorities, District and Borough Councils.

It is vital we resolve the critical matter of employment land supply and the provision of commercial premises for all sectors of our economy. This needs to be done through a co-ordinated, cross-boundary, cross-authority approach.

This is now reaching a crucial phase because it is stifling the opportunities of businesses to expand and boost our local economy as well as attract inward investors who are choosing to locate in neighbouring counties where there is a greater supply of infrastructure-ready employment land of all types.

We have summarised our initial findings in this new report which includes proposals on a unified approach to tackling these urgent issues and suggesting ways of resolving some of the time-sensitive employment land problems that the area is currently facing.

Much more detailed information and considerations have been presented in our separate and larger response to the Coventry & Warwickshire Housing & Economic Development Needs Assessment (HEDNA) study to your officers.

This study strongly supports the Chamber's long-promoted position that the existing Plans' targets (2011-2031) are, and have been, inadequate in responding to real need and demand by significantly increasing the employment land targets for the 20-30 years to 2051. The Chamber welcomes this positive response.

This document has been produced with the help of the Chamber's Employment Land Panel which is drawn from members along with our advisers and consultants.

We would welcome an opportunity to continue to engage and input to the hugely important strategic planning of the sub-region for the 30 years to 2050. We are aware that all the C&W local authorities are now addressing development plan reviews.

As we have done in the past, the Chamber is keen to be an active partner as this work of strategic, geographical and economic planning proceeds, and we recognise that the recently published HEDNA study – which was commissioned jointly by all the Local Authority partners in Coventry and Warwickshire and carried out by consultants Icen Projects – is a hugely important “starting point” for these discussions.

The Chamber views the HEDNA as an important document which needs to be explored further.

Once you have read this document, we would be very keen to meet to discuss a joined-up approach during the early stages as the new Local Plans are formulated throughout our sub-region to grasp the challenges and opportunities.

To arrange a meeting, please contact me at corinc@cw-chamber.co.uk and through a co-ordinated-approach, we will all aim to identify land availability and infrastructure for employment use for effective delivery throughout Coventry and Warwickshire.

This wide-ranging review of infrastructure-ready employment land is vital for Coventry and Warwickshire's future prosperity.

The results – as this report reveal – are a major concern and reinforce feedback received from commercial property agents throughout Coventry and Warwickshire. Local Plans are now being prepared until 2050 which will have a massive importance and impact on the sub-region.

David Penn, Partner, Bromwich Hardy, said: “It's been clear that we've had a chronic shortage of land for jobs for many years.

“There has been insufficient construction of factories and warehouses of all sizes and insufficient land for storage uses such as haulage, wood yards, coach companies, waste and recycling, builders' merchants, timber merchants and many others.

This is at the same time as strong demand for such uses, particularly since Covid because of higher levels of online shopping and direct delivery.

“Those sites that have been allocated through Local Authority Local Plans have inevitably been taken up in bulk for large scale logistics, leaving very little for the development of buildings for small to medium sized companies.

“Lack of construction of new units means less churn in the marketplace and less second-hand units becoming available to rent or to buy. High demand against low supply means we at Bromwich Hardy have seen rampant inflation in rents and prices which sees no sign of abating, despite current economic turmoil.

“Units become available and get snapped up very quickly. Offices are a particular problem as restricted land supply means very high land values which are unviable for the development of offices where construction costs are exceptionally high due to inflationary pressures.

“I am delighted that the Chamber of Commerce as the leading voice of business is taking up the challenge to get policymakers to release more land as it is absolutely vital for our sub-regional economy and for jobs.”

“Continuous monitoring of availability and take-up is required so that we have a true picture, and local authorities need to allocate sufficient land supply, not just for “big sheds”, but also for companies of all sizes and sectors.

“Our local economy is exceptionally resilient, but a short-sighted approach to this urgent matter is a real threat to a promising future.”

Shortage of land highlighted in Coventry & Warwickshire

This table, based on a much more detailed assessment, illustrates the current pool of employment land presently available in Coventry and Warwickshire.

"OVEN READY" EMPLOYMENT SITES - Immediately available	Currently available land (Ha) est at allocation	Status	Progress (est)
Radio Station Site (Houlton) (RBC)	12	Allocated. Not started (N/S)	
"Prospero" Rolls Royce Campus, Ansty (RBC)	5	Under construction (U/C)	50%
SW Rugby SUE Employment Area (Symmetry Park) (RBC)	45	U/C. Committed	N/S
Tournament Fields (WDC)	1	Largely complete	85% plus complete.
Abbey Park, Business Park (WDC)	3	Allocated. Part complete. U/C	60% complete
Friargate, Coventry (CCC)	6	Allocated. Phase 1 complete	60% complete
Warwickshire Gateway (north -ext to Whitley South BP) (WDC?CCC)	4	Allocated adopted Plan	U/C
Whitmore Park, Holbrook (CCC)	Update 4	Allocated submitted Plan	U/C
Birch Coppice (Core 42) (NWBC)	0.3	Near complete	Near complete
Hams Hall (NWBC)	2	Allocated. Part complete. U/C	60% complete
Arden Rd, Alcester (SDC)	4	Allocated adopted Plan	U/C. Near complete
Winyates Trl, Mappleborough Green (nr Redditch) (SDC)	0	Committed	U/C
Faultlands Employment area (N&BBC)	16	Allocated. N/S	Pre-let and housing
Sub Total	98.3		
"Imminent Sites" likely to be available to market in next 12 months			
Warwickshire Gateway (South) (WDC/CCC)	35	Allocated. U/C	
Alcester Road, Stratford (SDC)	12	U/C	
Sub total (rounded)	47		
"Advanced" allocated Local Plan Sites-timing dependant on ownership, infrastructure and demand.			
South of Horiba Tech Park (EZ) (NWBC)	42	Allocated. N/S	
West of Birch Coppice (NWBC)	5	Allocated. N/S	
E Polesworth and Dordon (NWBC)	7	Allocated. N/S	
Eastern Green, Coventry (CCC)	15	Allocated. N/S	
Land east of Kenilworth -Thickthorne (WDC)	8	Allocated. N/S	
Stratford Road, Warwick (WDC)	12	Allocated. N/S	
Stoneteigh Park, Warwick (WDC)	tbc	Allocated. N/S	
Atherston Airfield (SDC)	10	Allocated. N/S	
Canal Quarter, Stratford (part) (SDC)	2	Allocated adopted plan	
Long Marston "Eco town" new settlement (SDC)	13	Allocated. N/S	
Coton Park Eas (RBC)	8	Allocated. N/S	
Phoenix Way/Wilsons Lane, Nuneaton (N&BBC)	18	Allocated	
Bowling Green Lane, Nuneaton (N&BBC)	26	Allocated. N/S	
Coventry Rd, Nuneaton (N&BBC)	9	Allocated. N/S	
Sub total	177		
Other strategic sites. May contribute to C&W supply but constraints or dedicated users so not formal part of open market.			
Coventry Airport (CCC)	124	Consent for Gigafactory	
Wellesbourne Campus - University of Warwick (WDC)	20		
JLR Works at Gaydon (SDC)	100		
Aston Martin at Gaydon (SDC)	5		
Sub Total (Ha)	249		

There is only 96 hectares of "oven-ready" employment land available across the whole sub-region and only one site of strategic scale

The table highlights that there is only a further 47 hectares likely to be available in the next 12 months, with 177 hectares at the advanced stage along with 105 hectares at Coventry Airport and Wellesbourne which are allocated but unlikely to proceed at this stage.

Coventry and Warwickshire is sorely lacking sufficient serviced land, both qualitatively and quantitatively, to encourage inward investment into the sub-region.

This means bringing forward the right land in the right location (e.g., future manufacturing near to renewable energy sources and logistics close to road and rail infrastructure).

Consequences of the land supply problem

There are many knock-on effects if Coventry and Warwickshire does not resolve the current situation by planning a positive and pro-active response to the lack of suitable employment land for this and future generations of businesses.

We acknowledge all the work the Local Authorities have done to bring forward reviews of their Local Plans looking ahead towards 2050 but given the nature of this problem, urgent action is required in areas where there are no good sites available for inward investors or expansion of local businesses.

Here is a summary of the Chamber's main points of concern:

1. Affecting the local labour market. Companies already based in Coventry and Warwickshire will look elsewhere to grow, which will have a detriment on their employees and the local economy which, in some cases, will mean highly-skilled jobs moving to other parts of the country.
2. Discouraging inward investment. UK-wide and internationally-based businesses will be attracted to neighbouring counties and sub-regional areas because of the disincentive to move here despite our world-renowned automotive expertise and globally-recognised universities.
3. Small and medium sized enterprises (SMEs). If there is no new land for employment uses the market doesn't function correctly. This affects SMEs since they are squeezed out of an opportunity to expand since they often can't afford high-quality land which is bought by larger businesses.
4. The sub-region is currently at a disadvantage. Apart from the major logistics and distribution site at South West Rugby called Symmetry Park there is no large-scale employment land available over 20 hectares throughout the entire sub-region. The absence of such large employment sites is putting Coventry and Warwickshire at a competitive disadvantage.
5. The number of sites which remain unavailable because of major infrastructure requirements and investment. There's a huge amount of construction currently underway at the Coventry & Warwickshire Gateway, with very strong take-up, lettings having been

agreed with DHL and Syncreon, but other employment land in Kenilworth, Stratford Road in Warwick and Eastern Green in Coventry show little signs of moving forward a number of years after allocation.

6. Pressures on new housing land across urban and built areas. Due to value differentials, there is a significant loss of employment land and premises to higher value uses, particularly housing. This removes important commercial opportunities from the marketplace which impacts on local businesses seeking premises at lower rental or being able to buy units on cost-affordable employment land.
7. Targeting particular types of employment. The broad-brush allocation of a wide range of possible employment uses leads to a shortage of industrial land as the limited space is snapped up by the warehouse and distribution sector.
8. Annual Monitoring Reports. Coventry City Council, Warwickshire County Council and the District and Borough Councils need to agree to standardise the collection of monitoring information to make it easier to compare the land that is available or could be made available across wider employment areas. A co-ordinated partnership approach could track the progress of all the major site allocations in the Local Plans for Coventry and Warwickshire.



Proposals to improve the provision of the right amount and types of employment land

Land has been taken up more quickly than anticipated because Coventry and Warwickshire's economy has been more successful and buoyant than was predicted since the last Local Plans were drawn up.

This is also partly due to a rise in warehouse distribution businesses which has benefited Coventry and Warwickshire more than other areas because of the 'Golden Triangle' and the sub-region's proximity to the M6, M1, M42 and A5 which is particularly attractive to this sector.

This has also spilled over into areas such as Ansty and Coventry Airport because these types of warehousing, distribution and logistics businesses are land hungry. They require access for lorries, lighting, parking, infrastructure and landscaping over a larger area compared to conventional factories. This has led to distribution hubs squeezing the value of the land since it can be sold for a similar amount to those for housing.

The Chamber's Employment Land Panel has a number of recommendations to deliver new sites:

1. Encourage more smaller business units to be built alongside large warehouses. This approach has been pioneered in neighbouring local authorities such as Hinckley and Bosworth.
2. All sub-regional Local Authorities have or are starting their Local Plan reviews but the slowness of the plan making process means more urgent action is needed. The Chamber is calling on our Local Authorities to take special measures to fast-track employment site allocation development plans and support planning application proposals wherever possible to provide more land for immediate use.
3. Improving monitoring so that there is clear and easily accessible evidence about how much land is or isn't available throughout Coventry and Warwickshire. Individual Local Authorities produce an Annual Monitoring Report which details the granting and taking up of employment land on a local basis but there is no overview and much inconsistency in the way data is collected, hampering an opportunity to look at overall trends and performance.
4. Allocate 20 per cent more land than recommended by HEDNA calculations to provide scope for more variety in the quality and quantity of land. This will enable the market to function more efficiently and allow a vacancy rate that will assist market mechanisms in all employment sectors as well as give greater choice for businesses.
5. Develop a more disaggregated approach to the allocation of employment sites. This would include some allocations dedicated to a single-use class, or in the case of warehousing and distribution (class B8) uses the identification of both rail served and non-rail served sites. This has been suggested by Stratford and Warwick in their new joint plan where they have allocated separate designations for warehousing and distribution.
6. Introduce policies that give high levels of 'protection' to current employment land from change of use applications including a set of robust tests before changes can be introduced that might lead to the loss of employment allocations.
7. To address the problem of areas which have been allocated but have not come forward for development due to infrastructure, funding or other constraints, the Chamber is calling upon the Local Authorities to establish a public sector fund or funds and become more pro-active in bringing forward employment opportunities. This will increase the pool of serviced available sites and benefit the sub-region.

A way forward

Employment land should be given equal priority to housing land which currently isn't a requirement. The Chamber strongly believes this needs to be introduced to support the continued growth of the local economy.

Such an approach could be delivered quickly and developed in a co-ordinated way across all local authorities to support essential economic growth in an environmentally friendly and sustainable fashion – particularly in the areas of the sub-region which need it most. The Chamber recognises that it is important to make planned new employment sites supporting the Climate Change agenda to encourage and support green technologies, and we would like to work with local industry and Local Authorities to explore this further.

Analysis of the HEDNA study indicates that insufficient employment land has been allocated in the Local Plans in Coventry and Warwickshire historically, which backs-up the research of our Employment Land Panel, and the land which has been allocated has been used up far faster than ever anticipated. Furthermore, establishing future need for employment land based on projections of suppressed past take up rates will always underestimate the true requirement for employment land.

The Chamber believes the next – and urgent – steps are to forensically assess all the employment sites in the existing Local Plans to determine:

- What's the real scale of readily-available land for employment now and the next five years?
- What allocated land hasn't moved forward in the last ten years and be clear about why?
- What needs to happen for this allocated but undeveloped land to be brought forward quickly? Is this a problem with planning, land ownership, infrastructure, economic viability? Then determine how and when this land will actually be developed to contribute towards the sub-region's urgent needs.

There is a "once in a decade" opportunity to put these measures in place **now** since the Local Plans in Coventry and Warwickshire are being reviewed

up to 2050. This long-term view is welcome but in the short-term, urgent measures are needed alongside the reviews of the Local Plans.

The Chamber welcomes the South Warwickshire Local Plan because it has taken really positive steps to address some of the issues and we look forward to a specific discussion on the issues that have been raised.

The Chamber would like other Local Authorities, District and Borough Councils in the sub-region to talk to each other during the review of their Local Plans because a partnership-approach will help to tackle the issues the area is facing.

Some of the issues are cross-boundary including a West Midlands Gigafactory at Coventry Airport which has had its outline planning application approved by Warwick District Council and Coventry City Council because there will be a wider impact in the area.

The Chamber believes it is important for a strategic land perspective right across the region and the continued cooperation created by the Memorandum of Understanding.

During and following Covid-19, the business community has demonstrated great resilience with their ways of working and the economy has shown encouraging signs but it is vital these roots of growth are not stifled.

This is an opportunity which the Local Authorities can grasp on behalf of businesses in Coventry and Warwickshire – and, therefore, their residents – by working together to produce a strong range of new employment land opportunities that meet long-term requirements and create economic growth.



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