Agenda Item No 4

Coventry, Warwickshire and Hinckley & Bosworth Joint Committee

21st July 2016

Coventry and Warwickshire
Employment Land Memorandum of Understanding

1 Summary and Recommendations

1.1 This report seeks agreement to an Employment Land Memorandum of Understanding. Specifically it seeks to ensure that the employment land needs of Coventry and Warwickshire are met in full including addressing an identified shortfall of employment land provision arising in Coventry

1.2 The Joint Committee is recommended to:

a) Agree the Employment Land Memorandum of Understanding (ELMOU) set out in Appendix 1.

b) Agree that each of the six Local Plan Authorities within Coventry and Warwickshire will seek to formally endorse the ELMOU by end of October 2016

c) Note the position update with regard to the Housing Memorandum of Understanding as set out in paragraphs 6.1 and 6.2 below

2 Introduction

2.1 This report explains the C&W Employment Land MOU and the process undertaken to arrive at the agreed distribution. Broadly, that process has the following three parts:

- Review of evidence;
- Assessment of redistribution options;
- Develop redistribution method.

3 Conclusions from review of evidence

3.1 Local and sub-regional level evidence has informed the MOU. Each of these documents are available for review. The main findings are briefly summarised below:

a) Coventry and Warwickshire Employment Land Requirement: The sum of each District's most recent employment land study suggests the overall quantum of employment land required in Coventry and Warwickshire between 2011 and 2031 is 714 (gross) hectares. This broadly aligns with the Coventry

and Warwickshire Employment Land Use Study (CBRE 2015) which suggested up to 660 hectares for Coventry and Warwickshire.

b) Evidence regarding the Distribution of the Requirement: The employment land studies undertaken by each District provide the basis for how this requirement should be distributed between the six local authorities. Details of this are set out in Table 1 of the Points of Agreement within the draft MOU.

c) Availability of Employment Land to meet the Requirement: Assessments of land availability indicate that the five Warwickshire authorities can meet their local employment land requirements within their areas. However, the evidence indicates that Coventry is unable to meet its employment land requirement in full within the City boundary and that the shortfall is 241 hectares.

4 Approach to redistributing the shortfall in requirement:

4.1 To support the Points of Agreement, the resulting shortfall of 241 gross hectares needs to be redistributed from Coventry to the Warwickshire authorities in a justified and appropriate way. The approach taken is as described below.

4.2 Stage 1: Assessment of Redistribution Options:

4.2.1 In preparing the Housing MOU in 2015, the Coventry and Warwickshire authorities undertook a high level assessment of the sustainability impacts of six broad options for the redistribution of Coventry's Housing shortfall. This work concluded that locations close to, or with good accessibility to, the City should be preferred to other options (such as dispersal or new settlements).

4.2.2 In line with the NPPF (for instance paragraphs 17 and 34), it is suggested that the assessment undertaken for the Housing MOU also applies to the redistribution of employment land.

4.2.3 In addition, an employment land redistribution approach which aligns with the approach taken to housing land redistribution will help to support sustainable communities, minimisation of the need to travel and sustainable modes of transport. It is therefore proposed that the employment land redistribution from Coventry to Warwickshire should in the first instance, be based on evidence relating to:

- Commuting flows; and
- The redistribution of housing as set out in the Housing MOU

4.2.4 However, the NPPF also requires that unemployment and regeneration is addressed and that market signals are taken in to account. Evidence regarding these, therefore needs to be used to make appropriate adjustments.

4.2.5 It should also be remembered that the plan period during which the evidence referred to above applied commenced in 2011. It is therefore necessary to consider any relevant employment completions, commitments and proposed allocations since that date before a final redistribution can be agreed.

4.3 Stage 2: Applying Commuting Flows

4.3.1 The starting point for considering the redistribution should reflect commuting flows between Coventry and each of the Warwickshire Districts. These commuting flows informed the housing distribution agreed in 2015 but are considered to be more relevant when considering employment distribution given the movements they report.

4.3.2 The 2011 census indicates that the two-way commuting flows between Coventry and Warwickshire occur according to the following percentages:

- North Warwickshire BC: 6%
- Nuneaton and Bedworth BC: 33%
- Rugby BC: 18%
- Stratford-on-Avon DC: 8%
- Warwick DC: 35%

4.3.3 Table A below shows the indicative quantum of employment land redistributed to each District if commuting patterns are applied to a shortfall of 241 gross hectares:

Table A

Authority	**Percentage of Covenrty to Warwickshire Commuting (two way)**	**Indicative employment land redistribution**
North Warwickshire	6%	15 ha
Nuneaton and Bedworth	33%	80 ha
Rugby	18%	43 ha
Stratford	8%	19 ha
Warwick	35%	84 ha
Total	**100%**	**241**

4.4 Stage 3: Cross reference with the Housing MOU

4.4.1 The approach set out in stage 2 applies a redistribution based on existing commuting patterns. It does not therefore take account of the proposed redistribution of housing from Coventry to Warwickshire as set out the 2015 Housing MOU. This redistribution may well alter commuting flows in future.

4.4.2 Appendix 1 sets out a methodology that aligns employment land redistribution with the proposed housing redistribution set out in the 2015 MOU. The appendix also sets out the outcomes of that methodology.

4.4.3 Table B below shows the indicative quantum of employment land redistributed to each District if alignment with the Housing MOU is applied to a shortfall of 241 hectares:

Table B

Authority	**Indicative employment land**

	redistribution
North Warwickshire	10 ha
Nuneaton and Bedworth	71 ha
Rugby	45 ha
Stratford	10 ha
Warwick	105 ha
Total	**241 ha**

4.4.4 It can be noted that the indicative redistribution above is similar to that resulting from stage 2. That is in part because commuting data informed the distribution applied to housing as part of the MOU. Both stage 2 and stage 3 indicate a distribution that would see the majority of the shortfall accommodated in Warwick District, Rugby Borough and Nuneaton and Bedworth Borough.

4.5 Stage 4: Taking account of further considerations

4.5.1 The indicative quantum set out in Tables A and B above needs to be adjusted to take account of market signals and unemployment and urban regeneration as required by Planning Practice Guidance.

4.5.2 Market Signals: The Local Enterprise Partnership collates evidence regarding market signals. Whilst the signals provide a constantly evolving picture, the evidence from market signals currently points towards a number of key factors which could impact on the redistribution. These factors are:

- Pressures for B8 uses close to the trunk road network and particularly the motorway network to the north and east of the sub-region;
- Pressures for B2 uses, particularly associated with the automotive sector, in the central and southern parts of the sub-region;
- Concerns about a lack of “oven ready” sites for expansion and relocation of businesses across the sub-region.
- Importance of close links to both universities
- A lack of high quality office space which Is being combatted by Friargate proposals
- The draw of JLR and demand for sites to support close supply chain location etc

4.5.3 However, the signatories of the Employment Land MOU recognise that more work needs to be done to collate data and monitoring market signals on an ongoing basis. The MOU therefore includes a clause to ensure that processes and responsibilities are put in place to strengthen this part of the evidence base. Processes to collate this information are already in place though through the Coventry and Warwickshire Monitoring group, supported by the LEP and Warwickshire Observatory.

4.5.4 Unemployment and Urban Regeneration: The Atkins Report (2014) analyses which parts of the sub-region have the greatest needs for employment and suggests that the areas of greatest need should be those meeting the following criteria:

- Areas that have seen significant population growth over the past 10 years and are projected to see further growth in the future;

- Areas with high levels of unemployment; and
- Areas with high levels of deprivation.

4.5.5 In terms of population, Coventry is the sub-region's main urban centre accounting for approximately 37% of the sub-region's total population. Its population grew by 22,400 people between 2003 and 2012 (latest available data), accounting for 40% of the sub-region's population growth over that period. Coventry is expected to continue to be the focus of population growth, with CWLEP's Strategic Economic Plan stating that half of the sub-region's 80,000 population increase will take place in Coventry.

4.5.6 In terms of unemployment, the latest available data for the period April 2013 to March 2014 show that Nuneaton and Bedworth had the highest unemployment rate in the sub-region but all other local authorities had unemployment rates below the England average of 7.3%. Examining the unemployment rate trends over the period 2006-2014 though, Coventry had the highest average unemployment rate in the sub-region (8.1%), followed by Nuneaton and Bedworth (7.7%) and North Warwickshire (6.9%).

4.5.7 According to the English Indices of Deprivation, Coventry and Nuneaton and Bedworth are the only local authorities in Coventry and Warwickshire that are ranked among the 50% most deprived in England. Coventry in particular is ranked 53rd out of 326 local authorities in England and is therefore in the 20% most deprived.

4.5.8 The Atkins Report therefore concludes that the consideration of population growth, unemployment rates and deprivation levels suggests that the greatest areas of need in Coventry and Warwickshire are Coventry, Nuneaton and Bedworth and North Warwickshire. Coventry in particular has a rapidly growing population, and relatively high levels of deprivation, making it an area that would clearly benefit from further employment creation and regeneration.

4.5.9 Based on the above and in line with CWLEP's Strategic Economic Plan it is considered that the areas around Coventry and to the north of the LEP area would particularly benefit from the provision of new employment opportunities and developments that would contribute to local regeneration objectives. These local economic needs should be considered in the event of strategic employment sites being formally adopted as part of the Local Plan process.

4.6 Stage 5: Drawing conclusions on redistribution

4.6.1 Drawing together data from stages 2, 3 and 4 the following table sets out the conclusions on the redistribution of Coventry's Employment Land shortfall:

- Warwick, Nuneaton and Bedworth and Rugby have the strongest commuting relationships with Coventry;
- The redistribution of housing from Coventry is focused strongly in Warwick, Nuneaton and Bedworth and Rugby;
- Warwick, Nuneaton and Bedworth and Rugby provide locations which are consistent with the emerging market signals;
- Locations close to the City within Warwick, Rugby and in particular locations towards the northern edge of the City and around Nuneaton

and Bedworth will help to support the regeneration and address unemployment

- Stratford and North Warwickshire have weaker commuting relationships with Coventry and are less well placed to support regeneration of deprived areas.
- Although market signal suggests the North Warwickshire is well placed to support B8 uses and Stratford District is well placed to support growth in B2 uses, their relative remoteness from the City means they are not the preferred locations for these uses when considering a redistribution of Coventry's need. Further the three authorities immediately adjacent to the urban area of the City also have the potential to provide suitable locations for these uses.

4.6.2 Table C below summarises a redistribution resulting from stages 1-5:

Table C

Authority	Indicative Redistribution – Commuting Flows	Indicative Redistribution – Housing MOU	Market Signals	Regeneration and Unemployment	Conclusion
North Warwickshire	15 ha	10 ha	No adjustment	Low impact – downward adjustment	0
Nuneaton and Bedworth	80 ha	71 ha	No adjustment	High impact – upwards adjustment	91 ha
Rugby	43 ha	45 ha	No adjustment	Medium impact - No adjustment	45 ha
Stratford	19 ha	10 ha	No adjustment	Low impact – downward adjustment	0
Warwick	84 ha	105 ha	No adjustment	Medium impact - No adjustment	105 ha
Total	**241 ha**	**241 ha**			**241**

4.7 Stage 6: Existing completions, commitments and proposed allocations

4.7.1 As stated, completions since the commencement of the plan period in 2011 need to be considered as do current commitments, proposed allocations and associated live applications as these help to evidence market interest and site deliverability.

4.7.2 Two sites of sub-regional significance in Rugby Borough have been brought forward since 2011, with substantial completions already recorded. These sites at Ansty Park and ProLogis Ryton were always intended to meet employment land needs beyond that required specifically for Rugby Borough. Given the close proximity of both sites to Coventry there has been an informal agreement that these sites can contribute to the City's employment land requirements. This is referenced within the adopted planning policy of Rugby Borough Council, the Employment Land Reviews for Coventry and Rugby and was also recognised in the RSS revision prior to its abolition. Monitoring has been carried out with this in mind. These two sites should therefore be considered to be providing for Coventry's Employment Land requirements.

4.7.3 A further site of sub-regional significance in the vicinity of Coventry Airport is proposed for an employment allocation within the Warwick District Local Plan. Except for a small proportion, this site provides for sub-regional employment land needs rather than the needs of Warwick District. Subject to the adoption of the Warwick's Local Plan, this site will also contribute to Coventry's employment land requirements.

4.7.4 These three sites therefore have the potential to contribute to the redistribution of Coventry's employment shortfall as follows:

Table D

Site	Area
Ansty Park	41 ha
ProLogis Ryton	57 ha
Land in the vicinity of Coventry Airport	117 ha
Total	**215 ha**

4.7.5 Table E below contains adjustments to table C above that reflect these completions and commitments.

Table E: Adjustments for Existing completions, commitments and proposed allocations

Authority	Proposed Redistribution	Existing completions, commitments and proposed allocations	Balance
North Warwickshire	0	0	0
Nuneaton and Bedworth	91 ha	0	-91ha
Rugby	45ha	98ha	+43ha
Stratford	0	0	0
Warwick	105ha	117ha	+12 ha
Total	**241ha**	**215ha**	**-26 ha**

4.7.6 Taking existing completions, commitments and proposed allocations in to account suggests an under-provision in Nuneaton and Bedworth and an over-provision in Rugby Borough. However, given that Ansty Park lies close to the boundary with Nuneaton and Bedworth and ProLogis Ryton, is well connected via the trunk road network, this imbalance is not considered significant, particularly when administrative boundaries are removed from the picture.

4.7.7 It is therefore proposed that previous agreements about the role of these sites in making provision over and above local need, is now formalised in the ELMOU as being an important part of the redistribution of employment land to meet Coventry's needs. This approach is consistent with the emerging evidence.

4.7.8 There remains a balance of 26 hectares of Coventry's shortfall, which needs to be accommodated within Warwickshire. The evidence presented above suggests that this should be met within Nuneaton and Bedworth Borough.

4.8 Stage 7: Testing proposed redistribution against availability of suitable employment land sites

4.8.1 The final stage is to test whether there is capacity within Nuneaton and Bedworth to meet the remaining shortfall. In assessing potential capacity, it is also important to consider whether any potential sites will meet market demands and are deliverable and viable.

4.8.2 NBBC have completed an Employment Land Review which has identified potential capacity within the Borough to meet both the local employment land need and the additional requirement of 26 hectares. However, further assessment work is still being undertaken before this can be confirmed. This will be completed in the Autumn. The ELMOU recognises this uncertainty by including a review clause (8.2) in the event that it is demonstrated through the Plan making process that the proposed distribution cannot be delivered.

5 Proposed distribution of employment land across Coventry and Warwickshire

	Employment Land Requirement (gross hectares)	**Redistribution from Coventry (gross hectares)**	**Minimum Local Plan Employment Provision (gross hectares)**
Coventry	369	-	128
North Warwickshire	58	0	58
Nuneaton & Bedworth	*87*	26	113
Rugby	99	98	197
Stratford-on-Avon	35	0	35
Warwick	66	117	183
Total	**714**	**241**	**714**

6. Housing Memorandum of Understanding Update

6.1 Nuneaton and Bedworth BC were unable to sign the Housing MOU at the end of 2015 as the Council's evidence base did not indicate that there was sufficient capacity to accommodate the level of growth identified through the redistribution methodology. The Council did however commit to reviewing the evidence. This work is ongoing and Nuneaton and Bedworth BC will be able to review their position on the MOU in the Autumn once the work is complete.

6.2 With regard to the other Councils in the HMA, all have formally endorsed the agreement and all are committed to delivering Local Plans that align with it.

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