

# Employment Land Study

**Rugby Borough Council**

Final Report

May 2015

**Prepared by**

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## Contents

Section	Page
1 EXECUTIVE SUMMARY	7
2 INTRODUCTION	11
3 CONTEXT TO THE STUDY	17
4 ECONOMIC & LABOUR MARKET DYNAMICS	27
5 COMMERCIAL PROPERTY MARKET	51
6 DEMAND FORECASTS	65
7 LAND SUPPLY	80
8 SUPPLY-DEMAND BALANCE	125
9 CONCLUSIONS	127

## List of Figures

FIGURE 1: ANNUAL GROWTH IN GVA AT CURRENT BASIC PRICES	28
FIGURE 2: TREND IN PRODUCTIVITY (GVA PER HEAD)	29
FIGURE 3: TRENDS IN EMPLOYMENT, RUGBY BOROUGH	30
FIGURE 4: COMPOSITION OF EMPLOYMENT IN RUGBY BOROUGH BY BROAD SECTOR, 1983-2013	33
FIGURE 5: TREND IN EMPLOYMENT GROWTH, RUGBY BOROUGH 2003-13	34
FIGURE 6: GROWTH IN ACTIVE ENTERPRISES, 2004-13	38
FIGURE 7: BUSINESS BIRTHS AND DEATHS, RUGBY BOROUGH 2004-13	38
FIGURE 8: SELF-EMPLOYMENT, 2006/7 – 2013/14	39
FIGURE 9: POPULATION GROWTH INDEX, 1998-2013	40
FIGURE 10: GROWTH IN WORKING-AGE POPULATION (16-59/64) IN RUGBY BOROUGH, 1998-2013	40
FIGURE 11: AGE STRUCTURE OF RUGBY BOROUGH'S POPULATION, 2013	41
FIGURE 12: CHANGES IN POPULATION BY AGE BAND IN RUGBY BOROUGH, 1998-2013	42

<b>FIGURE 13:</b>	<b>JOBS DENSITY, 2012</b>	<b>43</b>
<b>FIGURE 14:</b>	<b>COMMUTING PATTERNS, 2011</b>	<b>43</b>
<b>FIGURE 15:</b>	<b>WORKPLACE-BASED WEEKLY EARNINGS OF FULL-TIME WORKERS</b>	<b>44</b>
<b>FIGURE 16:</b>	<b>COMPARISON OF RESIDENTS- AND WORKPLACE-BASED EARNINGS, FULL-TIME WORKERS, 2013</b>	<b>45</b>
<b>FIGURE 17:</b>	<b>TRENDS IN ECONOMIC ACTIVITY, 2006-14</b>	<b>45</b>
<b>FIGURE 18:</b>	<b>EMPLOYMENT RATE, 2006/7 – 2013/14</b>	<b>46</b>
<b>FIGURE 19:</b>	<b>UNEMPLOYMENT, 2006/7 – 2013/14</b>	<b>47</b>
<b>FIGURE 20:</b>	<b>PROFILE OF OCCUPATIONS OF WORKING-AGE RESIDENTS, RUGBY BOROUGH 2011</b>	<b>48</b>
<b>FIGURE 21:</b>	<b>SKILLS PROFILE OF RESIDENTS, 2011</b>	<b>48</b>
<b>FIGURE 22:</b>	<b>PROFILE OF OFFICE DEALS IN RUGBY BOROUGH BY SIZE, 2005-14</b>	<b>55</b>
<b>FIGURE 23:</b>	<b>OFFICE FLOORSPACE TAKE-UP IN RUGBY BOROUGH BY SIZE BAND, 2005-14</b>	<b>56</b>
<b>FIGURE 24:</b>	<b>OFFICE FLOORSPACE AVAILABILITY, RUGBY BOROUGH DECEMBER 2014</b>	<b>57</b>
<b>FIGURE 25:</b>	<b>OFFICE FLOORSPACE AVAILABILITY IN RUGBY BOROUGH BY QUALITY, DECEMBER 2014</b>	<b>57</b>
<b>FIGURE 26:</b>	<b>INDUSTRIAL DEALS, RUGBY BOROUGH</b>	<b>60</b>
<b>FIGURE 27:</b>	<b>INDUSTRIAL TAKE-UP, RUGBY BOROUGH 2005-14</b>	<b>61</b>
<b>FIGURE 28:</b>	<b>INDUSTRIAL TAKE-UP BY TYPE OF SITE, RUGBY BOROUGH 2005-14</b>	<b>62</b>
<b>FIGURE 29:</b>	<b>AVAILABLE FLOORSPACE IN RUGBY BOROUGH, DECEMBER 2014</b>	<b>62</b>
<b>FIGURE 30:</b>	<b>INDUSTRIAL FLOORSPACE AVAILABILITY BY QUALITY, RUGBY BOROUGH DECEMBER 2014</b>	<b>63</b>
<b>FIGURE 31:</b>	<b>FORECAST TOTAL EMPLOYMENT TO 2036</b>	<b>66</b>
<b>FIGURE 32:</b>	<b>BENCHMARKING CE FORECASTS</b>	<b>67</b>
<b>FIGURE 33:</b>	<b>FORECAST NET FTE JOBS GROWTH IN RUGBY BOROUGH (2011 – 2031)</b>	<b>69</b>
<b>FIGURE 34:</b>	<b>FORECASTS OF NET CHANGES IN EMPLOYMENT FLOORSPACE BY USE CLASS IN RUGBY BOROUGH, 2011-31</b>	<b>71</b>
<b>FIGURE 35:</b>	<b>COMPARISON OF CE 2013 AND 2014 FORECASTS FOR RUGBY BOROUGH, TOTAL EMPLOYMENT</b>	<b>72</b>

<b>FIGURE 36:</b>	<b>MODELLED GROWTH IN RESIDENT LABOUR FORCE IN RUGBY BOROUGH, 2011-31 – BASED ON 660 DPA</b>	<b>74</b>
<b>FIGURE 37:</b>	<b>MODELLED GROWTH IN RESIDENT LABOUR FORCE IN RUGBY BOROUGH, 2011-31 – BASED ON 540 DPA</b>	<b>75</b>
<b>FIGURE 38:</b>	<b>MODELLED GROWTH IN RESIDENT LABOUR FORCE IN RUGBY BOROUGH, 2011-31 – BASED ON 453 DPA</b>	<b>75</b>

### List of Tables

<b>TABLE 1:</b>	<b>COMMUTING FLOWS – RESIDENTS ANALYSIS</b>	<b>15</b>
<b>TABLE 2:</b>	<b>COMMUTING FLOWS – WORKPLACE ANALYSIS</b>	<b>15</b>
<b>TABLE 3:</b>	<b>EMPLOYMENT LAND SUPPLY IDENTIFIED IN CORE STRATEGY</b>	<b>24</b>
<b>TABLE 4:</b>	<b>ED2 AND ED4 SITES</b>	<b>24</b>
<b>TABLE 5:</b>	<b>POLICY ED5 SITES – STRATEGICALLY SIGNIFICANT EMPLOYMENT SITES</b>	<b>25</b>
<b>TABLE 6:</b>	<b>COMPOSITION OF EMPLOYMENT BY SECTION, 2013</b>	<b>30</b>
<b>TABLE 7:</b>	<b>EMPLOYMENT BY SECTION, LOCATION QUOTIENT, 2013</b>	<b>31</b>
<b>TABLE 8:</b>	<b>SECTORS WITH MORE THAN 1,000 EMPLOYEES IN RUGBY BOROUGH, 2013</b>	<b>32</b>
<b>TABLE 9:</b>	<b>TRENDS IN MANUFACTURING EMPLOYMENT, RUGBY BOROUGH 1983-2013</b>	<b>35</b>
<b>TABLE 10:</b>	<b>TRENDS IN PROFESSIONAL SERVICES &amp; PUBLIC ADMINISTRATION, RUGBY BOROUGH 1983-2013</b>	<b>36</b>
<b>TABLE 11:</b>	<b>NUMBER AND CONCENTRATION OF BUSINESSES BY SECTOR, 2013</b>	<b>37</b>
<b>TABLE 12:</b>	<b>CE FORECASTS – ANNUAL GROWTH RATES</b>	<b>67</b>
<b>TABLE 13:</b>	<b>PERCENTAGE OF FTE JOBS PER SECTOR, RUGBY BOROUGH</b>	<b>68</b>
<b>TABLE 14:</b>	<b>FORECAST FTE JOB GROWTH BY B-CLASS SECTOR, 2011-31</b>	<b>70</b>
<b>TABLE 15:</b>	<b>FORECAST NET LAND REQUIREMENTS TO SUPPORT NET FORECAST EMPLOYMENT GROWTH</b>	<b>71</b>
<b>TABLE 16:</b>	<b>EMPLOYMENT LAND COMPLETIONS, 2009-2014</b>	<b>77</b>
<b>TABLE 17:</b>	<b>LIST OF EMPLOYMENT AND POTENTIAL EMPLOYMENT SITES REVIEWED</b>	<b>81</b>
<b>TABLE 18:</b>	<b>CURRENT DELIVERABLE LAND SUPPLY, 2015</b>	<b>125</b>
<b>TABLE 19:</b>	<b>RECOMMENDED APPROACH TO EMPLOYMENT SITES</b>	<b>128</b>

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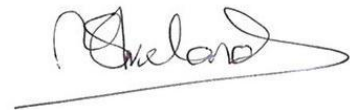
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## 1 EXECUTIVE SUMMARY

- 1.1 Rugby Borough Council has commissioned GL Hearn to undertake an employment land review to assess the need for and supply of employment land in Rugby Borough up to 2031 in order to inform the emerging new Borough Local Plan.
- 1.2 The purposes of this study are to:
- Review the characteristics and performance of Rugby Borough's economy;
  - Assess commercial market trends and dynamics in the office and industrial sectors;
  - Assess the supply of land capable of accommodating new B-class employment development;
  - Consider the implications of employment land provision in adjoining areas on Rugby Borough;
  - Forecast future needs for employment land provision within the Borough;
  - Bring the analysis together to set out the need for additional employment land provision.
- 1.3 Rugby Borough has a population of 101,400 residents as of mid-2013. Population growth in the Borough has been relatively strong over recent years with an 18% growth over the last 15 year period. This compares favourably with the 9% growth rate seen across the Coventry and Warwickshire Local Enterprise Partnership (LEP) area, and the 10% rate seen nationally over this period. Rugby had seen particularly strong growth over the period from 2000 to 2010 with the Borough's population growing by an additional 7,000 people over this period. This rate of growth has however tailed off somewhat over the last few years in line with lower levels of housing delivery.
- 1.4 Rugby Borough's economy has performed strongly in the recent past and has fared the recession well. Economic participation is high in the Borough with 82% of the population economically active – higher than rates seen across the LEP, West Midlands Region, and nationally. Since the recession there has been a marked fall in unemployment levels with unemployment now below 4% - lower than these wider geographical areas.
- 1.5 The skills profile of Rugby Borough is relatively strong with a higher proportion of the population with level 2 (GCSE) and level 4+ (degree) skills above LEP, regional, and national averages. Conversely fewer of Rugby's residents possess no qualifications than averages. This is reflected in earnings levels in Rugby which are, on average, above those in wider geographies pointing to above average productivity. Average workplace based earnings are 7% above the national average and 17% above the West Midlands regional average.
- 1.6 Analysis of the current employment composition of Rugby Borough shows that the largest industrial sectors in the Borough are wholesale and retail trade (15% of Borough jobs), construction (11%), manufacturing (10.5%), and education (9.5%). When compared to the employment composition of the Coventry and Warwickshire LEP and the West Midlands Region, there are a number sectors which have a particular concentration in Rugby Borough. The construction industry is particularly

strong with twice the representation in Rugby than seen across the region, due in part to Cemex having their headquarters in Rugby. The transport and storage sector is also particularly strong in the borough, reflecting the Boroughs excellent access to the regional and national strategic road and motorway network. There is also a particular strength in the professional, scientific, and technical service sectors in the Borough. Conversely there are relatively fewer jobs in the health and social care, and public administration and defence sectors.

- 1.7 Analysis of historic employment data spanning the last 30 years shows the industrial sectors with the largest growth in Rugby are education (4,000 additional jobs), professional services (2,400 additional jobs), and construction (2,300 additional jobs). Historic employment trends show a significant decrease in the number of manufacturing jobs in Rugby over the last 30 years, with jobs decreasing from 16,600 in 1983 to 5,000 in 2013. However there has been recent growth in a number of manufacturing sub-sectors including the manufacture of food and drink, metals, materials, and electrical products.
- 1.8 Analysis of the existing business base in Rugby Borough shows that there are 4,725 business located in the Borough. The largest proportion of these (16.2%) is in the professional, scientific, and technical service sectors followed by the transport and storage sector (9.9%). The transport and storage sector is particularly well represented in Rugby Borough relative to other areas: the LEP area (4.8%), West Midlands (4.0%), and the UK (3.3%).
- 1.9 Assessment of the commercial property market shows a modest office market in the Borough. Over the most recent decade there has been an average of 4,000 sq.m of office floorspace take up per annum. Accordingly, we would expect new-build office (B1a) development to be focused on the following:
- Small-scale development to meet occupier demand from SMEs in Rugby Town Centre, principally on a freehold basis. This form of development is however really currently not viable;
  - Providing better quality floorspace for the limited number of current corporate occupiers in Rugby Town. The potential for inward investment by corporates is limited;
  - Provision around the edge of Coventry, where potential rental levels are higher. However viability is currently marginal and many occupiers are now exhibiting a preference for town centre locations. B1a space at other out-of-centre schemes such as Whitley Business Park has not performed well.
- 1.10 Current available office stock in Rugby totals 58,000 sq m, with 55% of this at Ansty Park on the eastern edge of Coventry, and approximately 26,000 sq.m in Rugby Town.
- 1.11 The scale of the industrial market in Rugby Borough is considerably more substantial. Over the most recent decade there has been an average of 74,000 sq.m of industrial and warehouse floorspace take up per annum. The industrial market is driven by larger warehousing units,



reflecting the Borough's attractive location for distribution and logistics companies and the current strong performance of the manufacturing sector in the sub-region, including:

- performance of the automotive industry
- investment by manufacturers, and component / supply chain firms
- attractiveness of the sub-region for logistics/ distribution
- The market area for logistics is sub-regional or even regional in nature, focused particularly on the "Golden Triangle" (M45/ M6/ M69/ M1).

1.12 This strength is reflected in rents, with over £6 psf being achieved. Recent years have seen take-up of industrial floorspace increase. Current development activity is particularly strong and there has been a notable level of development coming forward in the Borough with major developments at Prologis Park Ryton, Central Park, and Swift Valley coming forward in recent years. However, this partly reflects the stage we are at within a market cycle.

1.13 Current available industrial stock in Rugby totals 275,000 sq.m however the vast majority (93%) of this is in large format (1,850+ sq m) units, with a limited supply of smaller industrial units.

1.14 The Cambridge Econometrics jobs growth forecasts project an additional 8,500 jobs in Rugby Borough over the 2013-31 period. Through interrogation of the composition of employment in each of the industrial sectors in the Borough we can calculate the proportion of employment growth in each of the industrial sectors which is likely to take place in B Class premises, which equates to 6,700 jobs.

1.15 The labour demand scenario would require an additional 79 ha of employment land to meet this level of forecast jobs growth, split across the B-Classes as follows:

- 6 ha of B1a/b;
- 16 ha of B1c/B2; and
- 57 ha of B8 uses.

1.16 Including a margin based on five year take-up trends and to account for losses gives a gross labour demand of 99 ha of B-Class floorspace.

1.17 The report considers three labour supply scenarios based on a range of annual housing delivery rates:

1. Based on Rugby Borough Council's indication that it is currently considering provision of an annual average of 660 dwellings per annum;
2. Based on 540 dwellings per annum of the current Core Strategy;
3. Based on the 453 dwellings per annum scenario which is the OAN figure identified in the 2014 SHMA Annex.

- 1.18 These scenarios forecast a range of 7,000 – 13,300 new jobs over the plan period. As the labour demand figure of 8,500 is at the lower end of this range, this suggests that a greater provision of employment land may be required above and beyond the 99 ha of the labour demand scenario.
- 1.19 We have considered employment completions data over the five year period (2009-2014). Over this period there has been an average of 13.2 hectares (gross) of employment land delivered per annum. However, a large quantum of this has been delivered on the Coventry fringe and meets the needs of the Coventry rather than Rugby Borough. Considering only the completions for the Rugby local market gives an average of 3.9 hectares (gross) of employment land delivered per annum to meet the need of Rugby Borough. This rate is in line with the ten year annual average of 4 ha per year (2003 -2013) but slightly below longer term completion trends for the Borough.
- 1.20 Allowing for flexibility to be 'built in' to the employment land target to avoid constraining the market unduly and with the long term completions trends in mind, this report concludes that it is appropriate to plan for the delivery of 6-8 hectares of employment land per annum to meet Rugby's need.
- 1.21 This report concludes that to meet the needs of Rugby, we consider that provision of between 100 - 130 hectares (rounded) of employment land should be considered (covering the 2015-31 period). This can be split as follows:
- Up to 10 hectares for B1a/b development;
  - Between 20-25 hectares for B2 development;
  - Up to 95 hectares for B8 warehouse/ distribution development.
- 1.22 The existing available land supply provides around 78 hectares of land. However there is a gap in provision of sites capable of accommodating industrial units up to 1,850 sq.m in particular, and some industrial/ distribution uses of up to 5,000 sq.m. New allocations should particularly focus on addressing these needs. We consider that this would best be delivered through allocating a number of smaller employment sites focused on meeting local needs, rather than large tracks of land which are more likely to attract larger B8 occupiers.
- 1.23 Land within the Borough close to Coventry focuses principally on meeting Coventry's needs. There has been strong recent/ current take-up of land at both Ansty Park and Prologis Ryton. These sites can be expected to be predominantly completed in the next few years. The feasibility of bring forward additional land need to take account of land supply within/ around Coventry, and the potential to provide suitable access to open up new sites together with policy constraints such as Green Belt.

## 2 INTRODUCTION

- 2.1 Rugby Borough Council is in the process of developing a new Borough Local Plan. This will set out planning policies to guide future development over the period to 2031. This Employment Land Study assesses the Borough's economy and provides evidence regarding the need for, and supply of, employment sites within the Borough.
- 2.2 The Study has been prepared in the context of National Planning Policy Framework (NPPF), which sets out Government policies for planning; and Planning Practice Guidance on *Housing and Economic Development Needs Assessments* and *Housing and Economic Land Availability Assessments*. The Planning Practice Guidance (PPG) sets out how studies such as this should be undertaken.
- 2.3 The purposes of the Study are to:
- Review the characteristics and performance of Rugby Borough's economy;
  - Assess commercial market trends and dynamics in the office and industrial sectors;
  - Assess the supply of land capable of accommodating new B-class employment development;
  - Consider the implications of employment land provision in adjoining areas on Rugby Borough;
  - Forecast future needs for employment land provision within the Borough;
  - Bring the analysis together to set out the need for additional employment land provision.
- 2.4 The Study is intended to provide clear guidance on what provision for new employment sites might be made within the Borough Plan. In doing so, the Study recognises that there are a number of different types of employment sites, including sites which:
- Meet local needs arising within the Borough;
  - Predominantly accommodate strategic distribution development;
  - Are of strategic significance at a sub-regional level in attracting investment.
- 2.5 The market for strategic distribution development and sites of sub-regional strategic significance extends well beyond Rugby Borough, cutting across local authority boundaries. The Study considers these markets based on the current supply position as at spring 2015. Joint working between local authorities will however continue to be important, through the 'Duty to Cooperate,' to plan strategically for these market segments.
- 2.6 Whilst the Study considers potential sites which could be considered for future employment use, decisions regarding what sites to allocate for new development will be made through the local plan taking account of the evidence herein, as well as other factors including decisions regarding where new housing might be located, and findings from the Sustainability Appraisal process.

## Coventry & Warwickshire Functional Economic Market Area (FEMA)

- 2.7 Planning Practice Guidance encourages need to be assessed in the context of the relevant Functional Economic Market Area (FEMA). It outlines that:

*“The geography of commercial property markets should be thought of in terms of the requirements of the market in terms of the location of premises, and the spatial factors used in analysing demand and supply – often referred to as the functional economic market area.”*  
[ID 2a-013]

- 2.8 Whilst setting out that no single source of information will be comprehensive in identifying what the relevant FEMA is, it suggests that Travel to Work Areas are a useful starting point; and that other factors are relevant – including the extent of any Local Enterprise Partnership area, the Housing Market Area, administrative geographies, catchments areas for cultural/ social facilities or retail, as well as flows of goods, services and information and the transport network.

### The 2010 FEMA Report

- 2.9 The FEMA definition was considered in research undertaken by Warwickshire County Council in 2010, entitled *The Functional Economic Geography of the Coventry, Solihull and Warwickshire Sub-Region*<sup>1</sup>. This identified a “**core sub-region**” consisting of the southern part of North Warwickshire District, Nuneaton and Bedworth Borough, Coventry, Rugby Borough, Warwick District and the majority of Stratford District. This core sub-region had very strong levels of self-containment of commuting, with 85% of people living in the area also working within it; and a well contained housing market.
- 2.10 The Topic Paper identified that the northern part of North Warwickshire, the north-western part of Stratford District and all of Solihull actually have stronger connections, in terms of commuting flows, housing markets, retail and leisure activities, with the wider Birmingham sub-region. These were however identified as part of the wider sub-region. A broader area of economic interest was also defined which reflected links between parts of Warwickshire to Daventry, Banbury, Milton Keynes, Northampton, Lutterworth, Leicester, Hinckley and Coalville.
- 2.11 The core conclusion however was best-fit FEMA was the ‘core sub-region.’ Using local authority geographies this comprised Coventry and Warwickshire<sup>2</sup>. This was based on interrogation of:
- Commuting patterns;
  - Housing market areas;
  - Travel to leisure and retail patterns;
  - Economic characteristics/ markets for goods and services.

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<sup>1</sup> Hill, D. (July 2010) *Coventry & Warwickshire Economic Assessment, Topic Paper 1 – The Functional Economic Geography of the Coventry, Solihull and Warwickshire Sub-Region*

<sup>2</sup> The Warwickshire Districts are Nuneaton & Bedworth, North Warwickshire, Rugby, Stratford-on-Avon and Warwick

- 2.12 The Study drew on previous work undertaken by the West Midlands Regional Observatory<sup>3</sup> and by PACEC on behalf of the Local Government Association<sup>4</sup> together with additional analysis of commuting and economic links and local knowledge. It set out that there is “*no such thing as a single functional economic geography which you can draw a line around. The economic linkages and flows between different places will inevitably vary depending on what issue or factor you happen to be looking at.*” However by considering various factors a ‘best fit’ can be achieved.
- 2.13 Analysis of commuting flows showed a strong self-containment in an area including Nuneaton and Bedworth, Coventry, Rugby, Warwick and Stratford; with commuting from parts of North Warwickshire and Solihull more towards Birmingham. It suggested that whilst commuting distances are increasing, with increasing flows between North Warwickshire and Tamworth; Nuneaton and Bedworth and south Leicestershire; and into Northamptonshire and Birmingham – the core functional geography described above was appropriate.
- 2.14 This analysis was supported through consideration of retail patterns, suggesting that Coventry and Warwickshire was fairly self-contained. The core area was also consistent with the then definition of the Housing Market Area, based on work undertaken at a regional level. Economically the analysis pointed to distinction between the economic structure in the north and south of the county, with stronger representation of business and professional services, knowledge-intensive activities and creative/ cultural industries in the south of Warwickshire; and more lower-value manufacturing and transport and logistics in the north – the latter focused around the strategic motorway corridors.
- 2.15 The Topic Paper identifies that the concentration of high and medium-technology manufacturing which is present in the sub-region extends northwards up to Leicester, east to Northampton, west to Birmingham and the A28 corridor into Worcestershire, and north up the M6 Corridor into Staffordshire. It identifies an economic strength, manufacturing supply chains and business links across the Midlands.
- 2.16 The Transport and Logistics Sector is identified as based around the strategic motorway network, with relationships along the M1, M42/A42 and A38 Corridors.

### **LEP and Administrative Geographies**

- 2.17 Whilst the report considered above identifies parts of North Warwickshire and Stratford-on-Avon Districts which relate to areas to the west; there is a strong correlation between the “core sub-region” identified and the administrative geography of Coventry and Warwickshire (which wraps around it on three sides). This economic geography has been accepted by Government which has

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<sup>3</sup> WMRO (March 2010) *Analysis of Sub-Regional Dynamics in the West Midlands*

<sup>4</sup> PACEC (Jan 2007) *Thriving Local Communities: Mapping Sub-Regions*

designated a Coventry and Warwickshire Local Enterprise Partnership, which is made up of the following local authorities:

- Coventry
- North Warwickshire
- Nuneaton & Bedworth
- Rugby
- Stratford-on-Avon
- Warwick

2.18 To the east of Rugby, Daventry is defined as within the South East Midlands LEP area. Harborough Borough to the north-east falls within the Leicestershire LEP.

2.19 The acceptance of the LEP geography means that, in effect, **Government recognises that Coventry and Warwickshire represents an appropriate functional economic geography.**

### **2013 Coventry and Warwickshire Joint Strategic Housing Market Assessment**

2.20 The Joint Strategic Housing Market Assessment 2013, prepared by GL Hearn, reviewed the definition of the Housing Market Area (HMA) through analysis of migration flows, commuting patterns and house price trends and differentials. This defined a Coventry-focused housing market which extended across much of Warwickshire. Whilst recognising links from parts of the sub-region to surrounding areas, including links between parts of Rugby Borough and Daventry to the south-east, and Lutterworth to the north, the Study defined an HMA based on the 'best fit' to local authority boundaries which consistent with the LEP Geography as described above. The Study identified some distinction within the HMA in respect of housing market and economic characteristics between the north and south of the area.

### **2011 Commuting Patterns**

2.21 Existing work defining FEMAs largely dates from the period between 2007-10. In 2014 the ONS released information on commuting flows from the 2011 Census. It is therefore appropriate to assess these to consider if this would warrant any adjustment to the definition of the FEMA.

2.22 Table 1 below shows out commuting data for Rugby residents. Just over half of all out commuting is self-contained within the borough. This represents by far the greatest destination of out commuting of Rugby residents. There is a considerable outflow to Coventry with 4,900 (11.7%) out commuters from Rugby. Other areas with strong outflows from Rugby are Daventry (3,600), Warwick (2,500), Harborough (1,300), and Stratford-on-Avon (1,000).

**Table 1: Commuting Flows – Residents Analysis**

Local Authority	Out Commuters	% of Residents
Rugby	21,443	51.2%
Coventry	4,909	11.7%
Daventry	3,603	8.6%
Warwick	2,496	6.0%
Harborough	1,318	3.1%
Stratford-on-Avon	1,027	2.5%
Birmingham	833	2.0%
Nuneaton and Bedworth	803	1.9%
Northampton	652	1.6%

2.23 Table 2 shows in commuting data for workers working within Rugby. 55% of Rugby's workforce lives within the borough. This represents by far the greatest source of in commuting. As with out commuting, the strongest links are with Coventry which is the origin of 3,800 (9.8%) of Rugby's workforce. Other areas with strong inflows from Rugby are Nuneaton and Bedworth (1,900), Daventry (1,600), Harborough (1,000), Hinckley and Bosworth (1,000) and Warwick (950).

**Table 2: Commuting Flows – Workplace Analysis**

Local Authority	In Commuters	% of Workforce
Rugby	21,443	55.0%
Coventry	3,805	9.8%
Nuneaton and Bedworth	1,896	4.9%
Daventry	1,579	4.0%
Harborough	983	2.5%
Hinckley and Bosworth	982	2.5%
Warwick	955	2.4%
Stratford-on-Avon	615	1.6%
Birmingham	477	1.2%
Blaby	410	1.1%

2.24 The commuting flows data shows that links are strongest with surrounding local authorities, particularly with Coventry. With regard to links with other nearby conurbations, there are reasonable ties with Birmingham with a 2% resident outflow and a 1.2% worker inflow – a net commuting figure of 1,310. However, this constitutes only 15% of Coventry's net figure. Links with Leicester are weaker with a 0.6% resident outflow and 0.8% inflow – a net commuting figure of 571 persons.

## Preparation Process

2.25 The report has been prepared in Spring 2015. It takes account of the information available at the time of writing. In preparing the Employment Land Study, GL Hearn has worked with Coventry-based surveyors, D&P Holt Limited.

- 2.26 As part of the preparing the report, GL Hearn has sought to liaise with surrounding local authorities to consider cross-boundary issues regarding employment land provision. We have engaged with surrounding authorities, and the Coventry and Warwickshire Local Enterprise Partnership (LEP).
- 2.27 A Workshop was held to test the draft study findings on 21<sup>st</sup> April 2015. This was attended by a range of stakeholders, as listed in Appendix 1. In addition, the workshop presentation has been shared with Pegasus Planning on behalf of AC Lloyd Ltd. A list of invitees to the Stakeholder Workshop is available from the Council or GL Hearn on request.

### Report Structure

- 2.28 The remainder of the report is structured as follows:
- Section 2: Current Policy Context;
  - Section 3: Economic Baseline;
  - Section 4: Commercial Market Performance;
  - Section 5: Forecasting Future Demand;
  - Section 6: Employment Land Supply;
  - Section 7: Employment Supply/ Demand Balance;
  - Section 8: Conclusions.



### 3 CONTEXT TO THE STUDY

#### National Planning Policy Framework

- 3.1 The National Planning Policy Framework (NPPF) was published in March 2012 with the aim of making planning more streamlined and accessible. The NPPF set out the Government's planning policies for England and how these are expected to be applied.
- 3.2 The purpose of the NPPF and the wider planning system is to contribute towards sustainable development. The policies in the NPPF set out the government's view on what sustainable development means in practice. There are three core dimensions to achieve this:
- **an economic role** – contributing to building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation; and by identifying and coordinating development requirements, including the provision of infrastructure;
  - **a social role** – supporting strong, vibrant and healthy communities, by providing the supply of housing required to meet the needs of present and future generations; and by creating a high quality built environment, with accessible local services that reflect the community's needs and support its health, social and cultural well-being; and
  - **an environmental role** – contributing to protecting and enhancing our natural, built and historic environment; and, as part of this, helping to improve biodiversity, use natural resources prudently, minimise waste and pollution, and mitigate and adapt to climate change including moving to a low carbon economy.
- 3.3 The NPPF requires local authorities to set a clear economic vision and strategy based on an understanding of the existing business needs, likely changes in the market and any barriers to investment. This understanding should be achieved through working with the local business community, neighbouring local authorities and the Local Enterprise Partnership (LEP).
- 3.4 Paragraphs 18 to 22 to the NPPF set out the Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth, and that significant weight should be placed on the need to support economic growth through the planning system. It sets out a requirement for local planning authorities to plan proactively to meet the development needs of businesses and support an economy fit for the 21st Century.
- 3.5 In drawing up local plans, the NPPF requires local authorities to:
- Set out a clear economic vision and strategy;
  - Set criteria or identify strategic sites for local and inward investment;
  - Support existing business sectors and where possible identify and plan for new or emerging sectors likely to locate in the area. Policies should be flexible enough to accommodate needs not anticipated in the plan;
  - Plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high technology industries;

- Identify priority areas for economic regeneration, infrastructure provision and environmental enhancement; and
  - Facilitate flexible working practices.
- 3.6 Paragraph 22 in the NPPF states that planning policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. Where there is no reasonable prospect of a site being used for the allocated employment use, applications for alternative uses of land or buildings should be treated on their merits having regard to market signals and the relative need for different land uses to support sustainable local communities.
- 3.7 Paragraph 160 and 161 set out that local planning authorities should have a clear understanding of business needs within the economic markets operating in and across their area. To do this they should work with Local Enterprise Partnerships (LEPs), the business community, county and neighbouring authorities to understand business needs, likely changes in the market and barriers to investment. They should use their evidence base to assess the land and floorspace for economic development, including the quantitative and qualitative needs for all foreseeable types of economic activity and the existing and future supply of land.

### Planning Practice Guidance

- 3.8 Planning Practice Guidance (PPG) was published by Government in March 2014. This includes Guidance on *Housing and Economic Development Needs Assessments*.
- 3.9 This Guidance sets out that an assessment should be undertaken to identify the future quantity of land and floorspace required for economic development uses, including both the quantitative and qualitative needs for new development; to provide a breakdown of this in terms of quality and location; and to provide an indication of gaps in the current land supply.
- 3.10 The assessment of need is intended to be realistic, taking account of the particular nature of that area and exploring future scenarios only where these could realistically be expected to occur. The assessment is expected to consider dynamics across the Functional Economic Market Area (FEMA).
- 3.11 In understanding the current market in relation to economic and main town centre uses, the Guidance outlines that plan makers should liaise closely with the business community to understand their current and potential future requirements and should take account of:
- The recent pattern of employment land supply and loss to other uses (based on planning applications);
  - Market intelligence, including from local data and discussions with developers and property agents, recent surveys of business needs or engagement with business and economic forums;

- Market signals, such as levels and changes in rental values, and differentials between land values in different uses;
  - The existing stock of employment land, data on take-up of sites, and public information on employment land and premises required and any evidence of over-supply and/or evidence of market failure;
  - Information held by other public sector bodies and utilities in relation to infrastructure constraints; and
  - The locational and premises requirements of particular types of business.
- 3.12 The Guidance states that employment land should be analysed through a simple typology of employment land by market segment and by sub-areas, where there are distinct property market areas within authorities. When examining the recent take-up of employment land, consideration should be made to projections (based on past trends) and forecasts (based on future scenarios) and identify occurrences where sites have been developed for specialist economic uses. Analysing supply and demand will allow Councils to identify whether there is a mismatch between quantitative and qualitative supply of and demand for employment sites.
- 3.13 The Guidance sets out that an assessment of future needs should be based on current and robust data. Emerging sectors that are well suited to the area being covered by the analysis should be encouraged where possible. Key evidence to consider includes:
- sectorial and employment forecasts and projections (labour demand);
  - demographically derived assessments of future employment needs (labour supply techniques);
  - analyses based on the past take-up of employment land and property and/or future property market requirements;
  - consultation with relevant organisations, studies of business trends, and monitoring of business, economic and employment statistics.
- 3.14 Evidence of need and supply then need to be brought together. The Guidance outlines that the available stock of land should be compared with the particular requirements of the area so that 'gaps' in local employment land provision can be identified. The increasing diversity of employment generating uses requires different policy responses and an appropriate variety of employment sites.
- 3.15 National policy recognises that functional economies transcend local authority administrative boundaries. Responsibilities for coordinating economic development activities now rest with the Local Enterprise Partnerships.

### The Plan for Growth

- 3.16 The Plan for Growth was published by HM Treasury and the Department for Business, Innovation and Skills (BIS) in March 2011. This sets out the Coalition Government's overarching goals for economic development against the context of the recent economic recession and substantial fiscal deficit – to achieve strong, sustainable and balanced growth that is more evenly shared across the country and between industries.

3.17 The Plan for Growth sets out the Government's view that over the last decade the UK economy has become seriously unbalanced and heavily indebted, leading to a decline in underlying economic competitiveness. Growth was concentrated in a few sectors of the economy, and in a few regions of the country; with others becoming increasingly reliant on the public sector. Moving forward, it sets out four key ambitions:

1. To create the most competitive tax system in the G20;
2. To make the UK one of the best places in Europe to start, finance and grow a business;
3. To encourage investment and exports as a route to a more balanced economy; and
4. To create a more educated workforce that is the most flexible in Europe.

3.18 These are supported by action on a number of fronts including seeking to reduce regulation and through targeted investment, including in improving skills, supporting the housing market, encouraging innovation and allowances for capital investment. The Plan also identifies a number of key sectors which the Government wishes to support, which include: healthcare and life sciences; advanced manufacturing; construction; digital and creative industries; retail; professional and business services; the space industry; and tourism. The ambition is clearly for private sector-led growth and across a greater spread of sectors relative to the previous decade.

### Coventry-Warwickshire LEP

3.19 The Coventry and Warwickshire Local Enterprise Partnership (LEP) was formed in January 2011. It is a public-private partnership aiming to deliver the following:

- To drive economic growth;
- To remove barriers to economic growth;
- To help create high value jobs;
- To co-ordinate local government cooperation and support.

3.20 The LEP initially developed a 5-year plan for the 2011-16 period in which it sets out its key priority to create jobs, focusing on knowledge-intensive sectors in order to remain competitive at an international level. It identified target sectors as:

- Advanced engineering and high-value manufacturing;
- Automotive and low carbon mobility;
- Business and professional services;
- Computer and gaming;
- Low carbon technologies;
- Sustainable construction; and
- Tourism.

3.21 The LEP's focus was refined through the subsequent negotiation of the City Deal, which focused more specifically on the sub-region's strength in Advanced Manufacturing and Engineering (AME),

as the key growth opportunity which set the area apart from its peers. The Growth Deal focused on supporting investment, innovation and job creation; and developing the skills base to support the sector together with the pipeline of deliverable employment sites.

#### **LEP Strategic Economic Plan 2014**

3.22 In response to Lord Heseltine's review of economic growth, '*No Stone Unturned*,' the Government asked LEPs to develop a multi-year Strategic Economic Plan (SEP) to grow their local economies. These were to be used to bid for resources from the Single Local Growth Fund.

3.23 Coventry and Warwickshire's Strategic Economic Plan was finalised in March 2014. It sets out the LEP's vision to improve economic competitiveness, increasing employment and wealth opportunities:

*Coventry and Warwickshire is recognised as a global hub in the advanced manufacturing and engineering sector, with business and research links across the world. Building on its central location, employment sites, distinctive businesses, innovation assets and highly talented workforce, by 2025 Coventry and Warwickshire will be a high performing economy with our innovative businesses competing internationally, growing and providing better paid employment opportunities for all of our residents across both our urban and rural areas.*

3.24 The SEP seeks to improve connectivity across the urban north/south spine from Nuneaton to Coventry and Leamington Spa; support employment growth and wealth creation building on the area's strengths in advanced manufacturing and engineering (AME), its research and development capability and capacity, location and connectivity and range of employment sites. Key components of the Strategy relate to:

- Support "reshoring" of activity within the AME sector and particularly automotive. This particularly relates to 'reshoring' of the automotive supply chain. The SEP envisages an increase in AME employment by 8,835 and annual GVA by £745 million by 2025;
- Leveraging economic benefits from the Research and Development (R&D) and innovation assets of the sub-region, which include the Universities, MIRA and the Manufacturing Technology Centre, and key firms;
- Increasing new business start-ups and the overall business stock, increasing the business stock by 2,660 businesses by 2025 with a corresponding £1.26 billion increase in GVA per annum.

3.25 In respect of employment land provision, the SEP identifies a lack of readily available high quality and large employment sites; and identifies that a lack of commercial property is acting as a disincentive for inward investment. It identifies an ambition to deliver 1,195,000 sq.m of additional floorspace on employment sites to 2030, prioritising investment and support around:

- Transport Corridors;
- Key Urban Centres; and
- Universities.

- 3.26 A number of existing and major employment sites are identified in the SEP. Those of relevance to this Employment Land Study include:
- Coventry and Warwickshire Gateway – logistics / manufacturing park; technology park.
  - Friargate, Coventry – city centre office development around rail station;
  - Ansty Park – high-tech business park on land adjoining Coventry and M6;
  - Prologis Ryton – logistics development of strategic significance.
- 3.27 The SEP identifies a requirement for a priority regional employment site at Coventry and Warwickshire Gateway. It seeks funding for “grow-on space” at Ansty Park to develop SME capability, particularly aligned to the spin-outs from the Manufacturing Technology Centre (MTC) and seeks funding for this.
- 3.28 It seeks to accelerate R&D and innovation in the Advanced Manufacturing and Engineering sector, including in respect of the utilisation of advanced materials; manufacturing process improvement; intelligent mobility; and advanced propulsion and battery technologies. There is a particular focus on investment in skills to support the AME sector.

#### **Coventry & Warwickshire Growth Deal 2014**

- 3.29 The 2014 Growth Deal reflects the funding settlement with Government which followed the submission of the SEP. The Growth Deal, signed in July 2014, commits £74.1 million from the Local Growth Fund for 2014/15 with a provisional allocation of £13.6 million in 2015/16 and £20.6 million from 2016/17 to 2021.
- 3.30 Jointly investment agreed through the Growth Deal includes the following:
- Delivery of North-South Rail and Coventry Station Scheme – funding for the NUCKLE rail link between Coventry and Nuneaton;
  - Advanced Manufacturing “Grow On” Space at Ansty Park – complementing the MTC and providing space for SMEs;
  - Improving links to UK Central, Birmingham Airport and High Speed 2 – through key junction improvements which support connections from key employment sites including Coventry and Warwickshire Gateway and Ansty.
- 3.31 Additionally it supports investment in programmes focused on improving skills and supporting enterprise and small business growth.

#### **Priorities in Adjoining LEP Areas**

- 3.32 The Northamptonshire LEP is focused on growing both the number of businesses and their productivity. Its Strategy is focused around four strands: business and innovation; employment and skills; infrastructure and connectivity and housing.

- 3.33 Key sectors identified include high performance technologies; logistics; food and drink manufacturing; creative and cultural industries. Northampton Waterside has Enterprise Zone status.
- 3.34 There is clearly a degree of competition for investment from parts of Northamptonshire and Rugby Borough, with areas having similar strategic connectivity. Population and workforce growth is being marketed as a key strength of the area by the Northamptonshire LEP.
- 3.35 The Leicester and Leicestershire LEP's Strategic Economic Plan focuses on investing in place, businesses and people. South West Leicestershire is identified as one of its growth areas, and includes the MIRA Technology Park Enterprise Zone which is focused on the transport sector (and specifically R&D/ testing within this). As with Coventry and Warwickshire, this SEP also identifies a lack of land for logistics and manufacturing.

## Current Local Planning Policy

### Core Strategy

- 3.36 Rugby Borough's Core Strategy (adopted in 2011) sought to support growth of 6,200 jobs over the 2006-26 plan period, and deliver a preferred sectoral mix comprising 40% services; 25% distribution, transport and communications; 21% manufacturing; 13% construction; and 1% primary and utilities.
- 3.37 The Core Strategy makes provision for 108 hectares of employment land outside the Town Centre. Taking account of completions to 2008, commitments and extant allocations, it seeks to deliver 67 hectares of employment land. Policy CS18 allocates two sites (as part of large sustainable urban extensions) to meet this:
- Rugby Radio Station: 31 hectares for B1, B2 with B8 limited to max. 5,000 sq.m. Provision for business incubation units is expected, contributing to a vibrant and mixed local economy; and
  - Rugby Gateway: 36 hectares for B2 and B8.
- 3.38 The 108 hectare requirement excluded the Major Investment Site (MIS) at Ansty and the former Peugeot factory site at Ryton-on-Dunsmore. Both sites are located close to the urban area of Coventry. The MIS is focused on meeting regional employment land needs; whilst the former Peugeot site was intended in the Regional Strategy to meet Coventry's employment land needs.
- 3.39 The remaining 41 hectares is expected to be delivered through current employment sites, extant commitments and allocations. Table 3 overleaf outlined those identified in the Core Strategy.

**Table 3: Employment Land Supply identified in Core Strategy**

Site	Area (Ha)
Coton Park (Central Park)	23
Somers Road	1
Valley Park	0.7
Valley Drive	1
Haynes Way	0.6
The Railings	0.7
Malpass Farm	10
Leicester Road	2
Paynes Lane	2
Rugby Radio Station	31
Rugby Gateway	36
<b>Total</b>	<b>108</b>

- 3.40 The supporting text to Policy CS18 sets out that the priority location for the development of new office space is Rugby Town Centre. It indicates that a Town Centre Area Action Plan would allocate sites. In respect of non-B class uses it set out that these would be permitted on employment sites where it could be demonstrated that a suitable contribution to the local economy is made and no suitable alternative sites are available.

#### **Saved Local Plan Policies**

- 3.41 A number of policies from the Local Plan remain 'saved.' These include Policies ED2, ED4, ED5 and ED6 regarding employment provision.
- 3.42 Policy ED2 allocated sites within the urban area. ED4 dealt with Major Developed Sites in the Green Belt. These policies dealt with the following sites:

**Table 4: ED2 and ED4 Sites**

Ref	Site	Size	Uses
ED2.1	Malpass Farm	10	B1, B2, B8
ED2.2	Land at Leicester Road	2	B1
ED2.3	Livestock Market	1	B1
ED2.4	Land at Paynes Lane Industrial Estate	1	B1, B2, B8
ED4.1	Peugeot, Ryton-on-Dunsmore		
ED4.2	Rolls Royce Ltd, Ansty		

- 3.43 In addition Policy ED5 identified strategically significant employment sites which should be retained. It identified that sites would be retained for the use classes indicated.



**Table 5: Policy ED5 Sites – Strategically Significant Employment Sites**

Ref	Site	Uses
ED5.1	Arches Industrial Estate	B1, B2, B8
ED5.2	Avon Industrial Estate	B1, B2, B8
ED5.3	Butlers Leap Industrial Estate	B1, B2, B8
ED5.4	Central Park, Coton	B1, B2, B8
ED5.5	Glebe Farm Industrial Estate	B1, B2, B8
ED5.6	Midland Trading Estate	B1, B2, B8
ED5.7	Paynes Land Industrial Estate	B1, B2, B8
ED5.8	Rugby Cement Works	B1, B2
ED5.9	Somers Road Industrial Estate	B1, B2, B8
ED5.10	Swift Park	B1, B2, B8
ED5.11	Swift Valley Industrial Estate	B1, B2, B8
ED5.12	Valley Park	B1, B2, B8
ED5.13	Dunchurch Trading Estate	B1, B2, B8
ED5.14	Europark	B1, B2, B8
ED5.15	Lawford Heath Industrial Estate	B1, B2, B8
ED5.16	Peugeot Site, Ryton-on-Dunsmore	B1, B2, B8
ED5.17	Rolls Royce, Ansty	B1, B2, B8
ED5.18	Shilton Industrial Estate	B1, B2, B8

### DIRFT3

- 3.44 In addition to the sites considered above, development consent was granted by the Secretary of State in July 2014 for a third phase of development at the Daventry International Rail Freight Terminal (DIRFT) on land principally within Daventry Borough but adjoining the Rugby Borough boundary. The site is to the south of the town, and lies between the A5 and M1 to the north of the existing DIRFT development. It comprises a replacement rail freight interchange plus 731,000 sq.m of rail-served B8 development.

### Implications

- 3.45 The NPPF sets out that plans should set out a clear economic vision and strategy, support existing sectors as well as those with growth potential, and address the locational requirements of different types of businesses. It requires land allocations which have not been developed to be critically reviewed.
- 3.46 The focus of the Coventry and Warwickshire LEP is squarely on capitalising on the growth opportunity in the Advanced Manufacturing and Engineering (AME) sector – a key strength of the area, and one in which there is potential for higher value-added growth. The growth opportunities include through R&D and innovation leading to development of new products and technologies, and through re-shoring (particularly of the automotive supply chain).

3.47 Employment land supply within the Borough includes two sites which are focused in meeting the needs of Coventry (which has a constrained land supply). These are Ansty Park, and the former Peugeot Site in Ryton-on-Dunsmore (which we refer to as Prologis Ryton). The major employment land allocations in Rugby include remaining land at Central Park, together with employment land provision associated with the two urban extensions allocated in the Core Strategy – the Rugby Radio Station site (to the south of the town) and the Rugby Gateway site (to the north). The DIRFT3 rail linked logistics site lies adjacent to the Borough boundary.

## 4 ECONOMIC & LABOUR MARKET DYNAMICS

4.1 In this section we start out by considering sub-regional economic dynamics/ policy as a precursor to more detailed analysis of the characteristics of Rugby Borough's economy and labour market.

### Background

4.2 Coventry and Warwickshire is centrally located within England. Its key economic assets include its central UK location; strong accessibility (particularly in respect of the motorway network); sectoral strengths which include Advanced Manufacturing and Engineering (AME) and logistics/ distribution; and key innovation assets including universities, research facilities and catalyst firms.

4.3 The LEP area is traversed by the M1, M6, M40, M42 and M45. Rail services are provided both via the West Coast Main Line, Chiltern Line (Birmingham-London Marylebone) as well as Cross Country and local services. It is centrally located within the UK which, together with the road infrastructure, make the area attractive for the location of National Distribution Centres (NDCs) and Regional Distribution Centres (RDCs).

4.4 The economic history of the area varies in different parts of the LEP Area. The Warwickshire Coalfield supported mining and growth in industrial activities in the centre and north of the sub-region during the Industrial Revolution; with the area becoming known as a centre for bicycle and later motor vehicle manufacturing. The contraction of the coal industry since the 1950s and subsequent rapid decline of the motor vehicle sector between the 1970s – early 2000s has however hit the area hard. However the outlook for the automotive and associated engineering sectors is now quite positive.

4.5 Within the sub-region there is an evident north/ south distinction, as described in detail in the 2011 Coventry and Warwickshire Economic Assessment. The northern parts of the sub-region (including Coventry, Rugby and Nuneaton and Bedworth) have higher proportions of employment in lower value manufacturing industries, personal service and public sector employment. In contrast southern Warwickshire (Warwick and Stratford-on-Avon Districts) has in effect a more modern economic structure, and has grown more strongly in recent years – with growth in higher value-added activities including professional business services, computing and software, and high-value engineering and manufacturing.

4.6 One of the challenges for the sub-region is of addressing concentrations of deprivation and unemployment in the central and northern parts of the area, and improving the quality of jobs and value added. The 2011 Coventry and Warwickshire Economic Assessment highlighted issues associated with “clustering” whereby similar or related businesses concentrate because of benefits

of proximity, supply chain linkages, access to an appropriate labour pool. It highlighted potential risks that whilst this process can be positive, it could also in parts of the area see the economy continuing to reinforce around lower value-added activities.

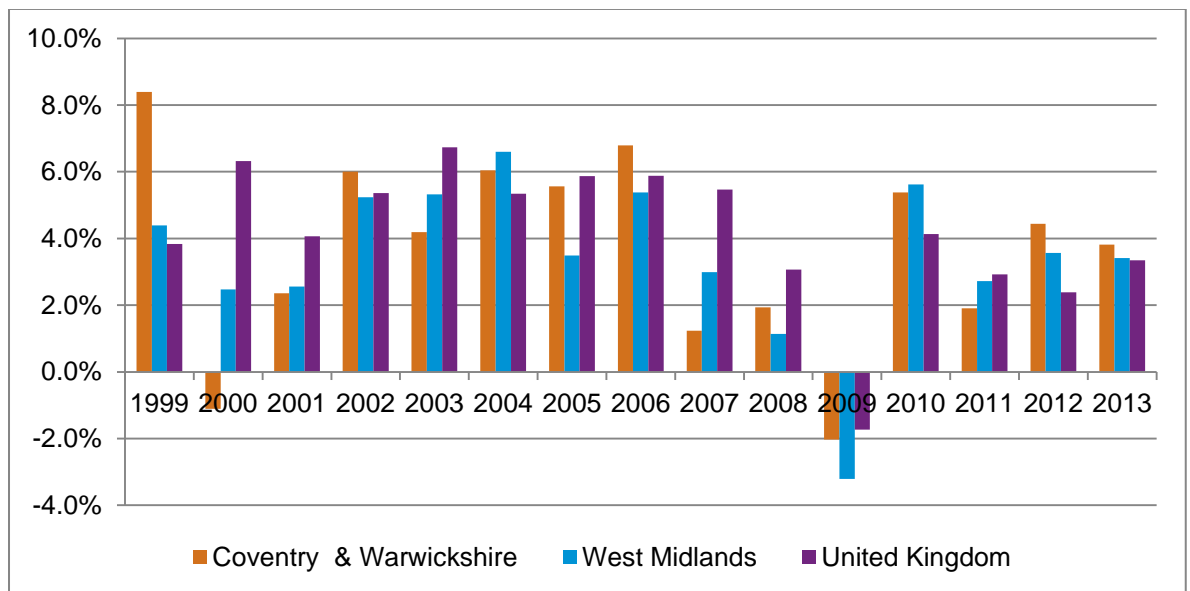
4.7 There is a significant degree to which the sub-regional economy has now ‘turned a corner’ and the trend of manufacturing contraction may be behind us. In particular there are opportunities for the manufacturing sector to drive value added and wealth creation in the sub-regional economy, exports (contributing to the UK balance of payments) and innovation.

### Economy

4.8 Coventry and Warwickshire is a £19.7 billion economy.<sup>5</sup> The size of the sub-regional economy, measured using GVA at current basis prices, has grown by 71% over the past 15 years (1998-2013) which sits between the 66% growth achieved across the West Midlands and 85% nationally.

4.9 What is notable is that **recent performance, in 2012 and 2013, in the sub-region has been relatively strong**, with the economy growing at a faster pace than has been seen either regionally or nationally. GVA data is not published at a local authority level.

**Figure 1: Annual Growth in GVA at Current Basic Prices**

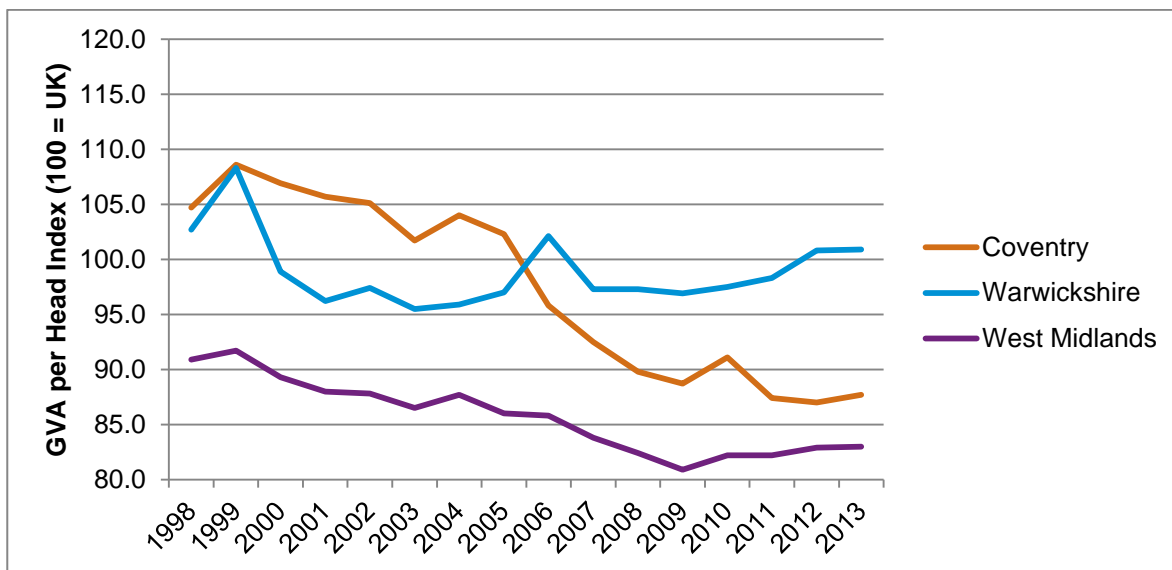


Source: ONS Regional GVA, Table 3.1

4.10 Whilst overall productivity, measured as GVA per Head, has been falling relative to national trends in both Coventry and the West Midlands, productivity has improved within Warwickshire and is similar to the national average. The trend in productivity in Warwickshire has been upwards since 2009.

<sup>5</sup> ONS, Workplace-based GVA, 2013

**Figure 2: Trend in Productivity (GVA per Head)**



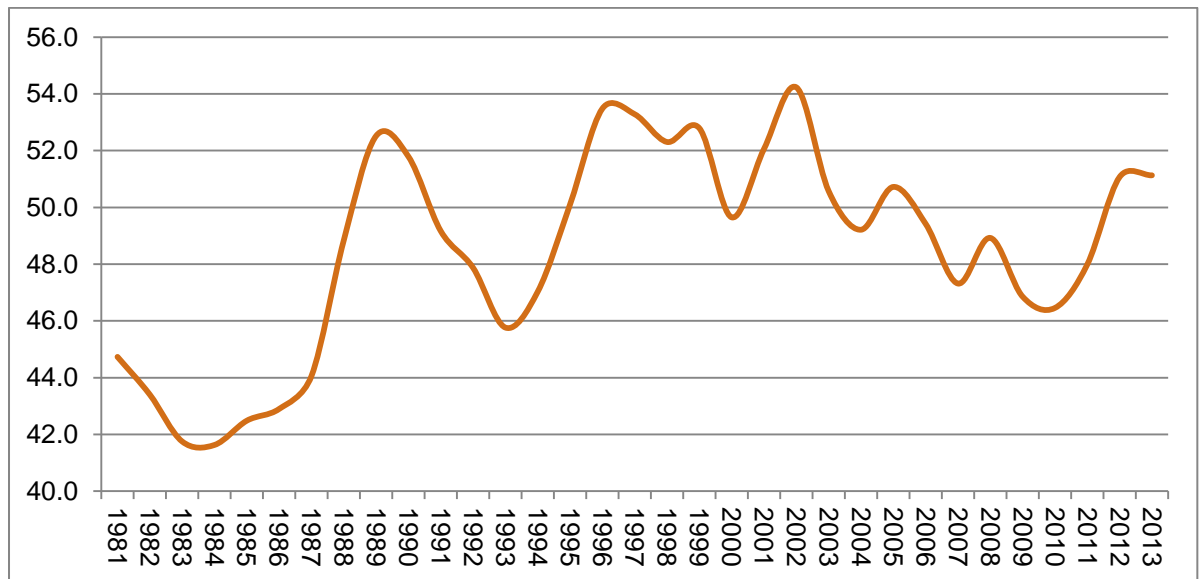
Source: ONS Regional GVA, Table 3.2

### Employment

- 4.11 Total employment in Rugby Borough is estimated at 51,100 jobs in 2013<sup>6</sup>. Total employment includes employee jobs, self-employment and Government-sponsored trainees.
- 4.12 Employment in the Borough grew rapidly in the late 1980s, but then saw a period of falling employment between 1989-93 (which included the early 1990s recession). Employment then grew again relatively rapidly between 1993-96. In general, as Figure 3 overleaf demonstrates, there was a downward trend in total employment between 1996-2010. The Borough appears however to have recovered relatively strongly from the recent recession, with employment 2,200 up over the last five years (2008-13). **Employment in the Borough has grown strongly over the last five years.**

<sup>6</sup> Source: Cambridge Econometrics, 2014 Forecasts

**Figure 3: Trends in Employment, Rugby Borough**



Source: CE/ GLH

### Economic Structure

- 4.13 The table below assesses the composition of employment in Rugby relative to Coventry and Warwickshire and the West Midlands. It considers employment in 'Sections.' The largest employment sectors are wholesale and retail trade; construction; manufacturing; and education; followed by professional scientific and technical activities; health; and transport/ storage.

**Table 6: Composition of Employment by Section, 2013**

	Rugby	Coventry & Warwickshire	West Midlands
<b>G : Wholesale and retail trade; repair of motor vehicles and motorcycles</b>	15.0%	16.9%	17.4%
<b>F : Construction</b>	10.8%	5.2%	4.8%
<b>C : Manufacturing</b>	10.5%	10.6%	11.9%
<b>P : Education</b>	9.5%	10.0%	9.4%
<b>M : Professional, scientific and technical activities</b>	9.2%	8.0%	6.0%
<b>Q : Human health and social work activities</b>	8.8%	11.4%	13.7%
<b>H : Transportation and storage</b>	8.1%	5.6%	4.5%
<b>N : Administrative and support service activities</b>	8.0%	8.6%	7.9%
<b>I : Accommodation and food service activities</b>	7.6%	6.2%	5.6%
<b>O : Public administration and defence; compulsory social security</b>	2.9%	3.9%	4.6%
<b>J : Information and communication</b>	2.7%	3.3%	2.4%
<b>R : Arts, entertainment and recreation</b>	2.3%	2.2%	2.4%
<b>S : Other service activities</b>	1.9%	2.3%	2.1%
<b>K : Financial and insurance activities</b>	1.2%	3.0%	2.7%
<b>L : Real estate activities</b>	1.0%	1.5%	1.7%
<b>E : Water supply; sewerage, waste management and remediation activities</b>	0.4%	0.7%	0.7%

Source: BRES 2013

4.14 Table 7 uses location quotients to compare the relative concentration of employment in the Borough (and the wider LEP area) compared to the West Midlands. A figure of over 1 indicates that there is a higher proportion of employment in the section in Rugby (or Coventry & Warwickshire) than is the case across the West Midlands. A figure of below 1 indicates a lower concentration.

4.15 In Rugby Borough the concentration of construction employment is more than 2.3 times that across the West Midlands. Overall, **there is a particular concentration of employment in in Rugby Borough in:**

- **Construction;**
- **Transport & Storage;**
- **Professional, scientific and technical activities.**

4.16 We would expect the high construction employment to be influenced by those employed by Cemex, both at Rugby Cement Works and its headquarters in the Town Centre.

**Table 7: Employment by Section, Location Quotient, 2013**

	Rugby	Coventry & Warwickshire
<b>G : Wholesale and retail trade; repair of motor vehicles and motorcycles</b>	0.86	0.97
<b>F : Construction</b>	2.26	1.08
<b>C : Manufacturing</b>	0.88	0.89
<b>P : Education</b>	1.02	1.06
<b>M : Professional, scientific and technical activities</b>	1.53	1.32
<b>Q : Human health and social work activities</b>	0.65	0.84
<b>H : Transportation and storage</b>	1.82	1.26
<b>N : Administrative and support service activities</b>	1.01	1.09
<b>I : Accommodation and food service activities</b>	1.36	1.12
<b>O : Public administration and defence; compulsory social security</b>	0.64	0.84
<b>J : Information and communication</b>	1.10	1.38
<b>R : Arts, entertainment and recreation</b>	0.95	0.90
<b>S : Other service activities</b>	0.92	1.09
<b>K : Financial and insurance activities</b>	0.45	1.10
<b>L : Real estate activities</b>	0.56	0.86
<b>E : Water supply; sewerage, waste management and remediation activities</b>	0.54	1.13

Source: BRES

4.17 We have sought to drill down to a Sub-Sector Level using the BRES data. Table 8 outlines key sectors with more than 1000 employee jobs. Education and retail are large sectors in many areas.

**Table 8: Sectors with more than 1,000 Employees in Rugby Borough, 2013**

Sectors with 1,000+ Employees: Rugby, 2013	Employment
Education	4,200
Retail Trade	3,900
Civil Engineering	2,600
Food & Beverage Service	2,300
Architectural & Engineering	2,000
Warehousing	2,000
Employment Activities	2,000
Wholesale Trade	1,800
Specialist Construction	1,500
Human Health	1,500
Residential Care	1,300
Public Administration	1,300
Social Work	1,100
Head Office & Management Consultancy	1,000
Land Transport	1,000

Source: BRES

- 4.18 Again using a location quotient analysis, what stands out is a concentration of employment in:
- Construction – including construction of civil engineering projects (2,600 employees) and other specialist construction activities (1,500 employees);
  - Transport, storage and logistics – which is likely to include jobs recorded in the retail sector, warehousing, wholesale activities and land transport;
  - Professional, scientific and technical activities – with a particular emphasis within this in engineering activities and technical consultancy (2,000 employees). This relates partly to the manufacturing concentration in the wider sub-region.

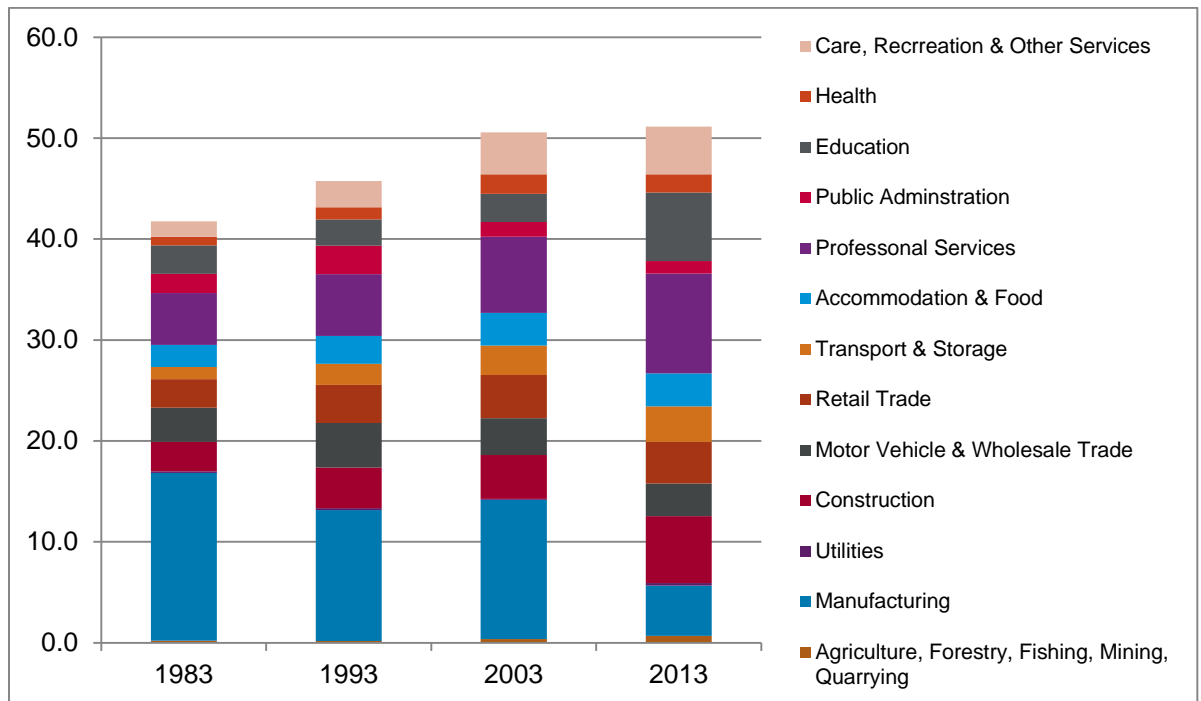
#### Employment Growth by Sector

- 4.19 The chart below tracks how the structure of employment in the Borough has changed over the past 30 years. **The Manufacturing sector has contracted significantly within Rugby Borough over the last 30 years.** In 1983 the manufacturing sector employed 16,600 people. This had fallen to 13,800 by 2003, and has since seen a significant loss of employment (particularly in 2006-7). Manufacturing employment has now fallen to 5,000 in Rugby Borough. The loss of manufacturing jobs has been affected by the closures or downsizing of key manufacturing employers such as Peugeot and Alstom.
- 4.20 Looking first at long-term trends over the last 30 years, employment growth in Rugby Borough has been focused in:
- Professional services;
  - Education;
  - Construction;
  - Other Services; and
  - Transport and storage.



4.21 These have been growth sectors not just in the Borough but the wider LEP area.

**Figure 4: Composition of Employment in Rugby Borough by Broad Sector, 1983-2013**



Source: CE/ GLH

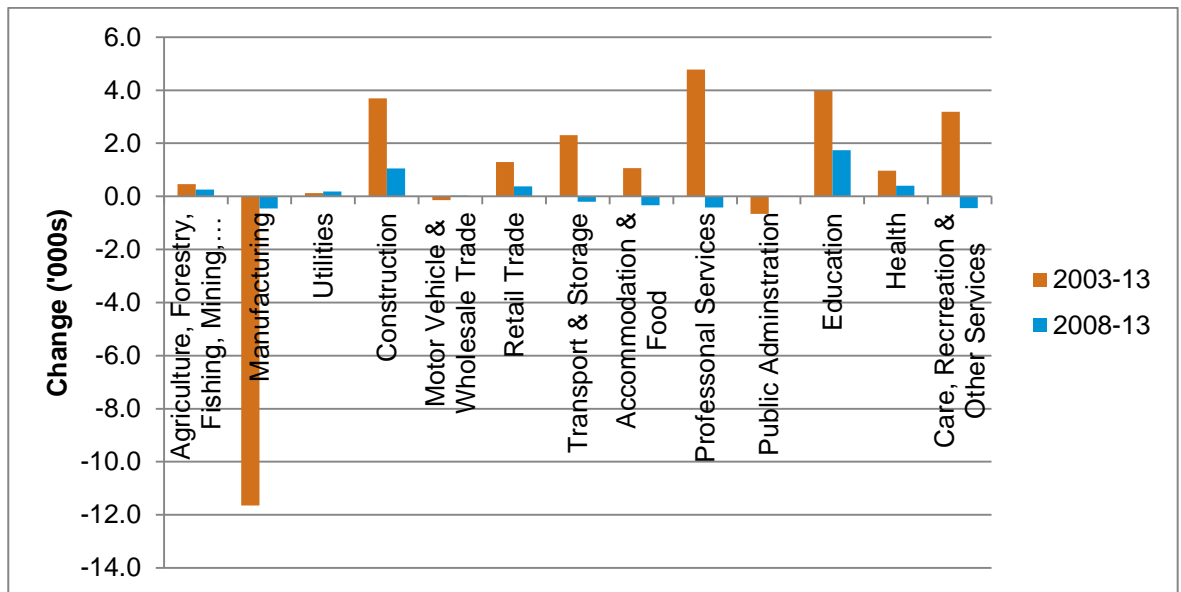
4.22 Looking specifically at the most recent decade, between 2003-13, it is evident that employment in manufacturing has contracted significantly (-8,800). **The key sectors in which total employment has grown have been:**

- **Education** (+4,000)
- **Professional Services** (+2,400)
- **Construction** (+2,300).

4.23 This broad picture is replicated looking at the most recent five year period (2008-13) which included the economic recession. The Borough's economy has performed well through the recession. Key growth sectors have been education, construction, health and retail.

4.24 **The recent trend for the manufacturing sector has been more positive** than looking back over the longer-term. Between 2008-13, the manufacturing sector has seen only moderate job losses in net terms (-500) providing evidence of a more positive recent outlook.

**Figure 5: Trend in Employment Growth, Rugby Borough 2003-13**



Source: CE/ GLH

- 4.25 The manufacturing sector is important as higher-value manufacturing can be an important driver of wealth creation within local economies. Table 9 overleaf outlines trends in employment in manufacturing sub-sectors. It indicates that the substantial reduction in manufacturing employment between 2003-13 was particularly driven by changes in the motor vehicles sub-sector. This is likely to have been influenced the closure of the Peugeot Plant at Ryton (and potentially wider supply chains associated with decline in the sector across the wider region).
- 4.26 While manufacturing employment fell overall, and in a number of other key sub-sectors besides motor vehicles, the data suggests that over the 2003-13 decade, employment increased in the following manufacturing sub-sectors:
- Food, drink and tobacco;
  - Metals and metal products; and
  - Electrical equipment.
- 4.27 The largest sectors in terms of total employment are non-metallic mineral products, and metals and metal products.

**Table 9: Trends in Manufacturing Employment, Rugby Borough 1983-2013**

Total Employment ('000s)	1983	1993	2003	2013
<b>Food, Drink &amp; Tobacco</b>	0.2	0.3	0.2	0.4
<b>Non-metallic mineral products</b>	1.2	1.0	1.2	1.2
<b>Metals &amp; metal products</b>	0.6	1.4	0.9	1.2
<b>Electronics</b>	0.9	0.6	0.9	0.3
<b>Electrical equipment</b>	0.5	0.1	0.1	0.6
<b>Machinery</b>	8.4	0.3	1.0	0.4
<b>Motor vehicles</b>	2.3	6.4	7.5	0.3
<b>Other transport equipment</b>	0.0	0.2	0.2	0.1
<b>Other Manufacturing</b>	2.6	2.5	1.9	0.6
<b>Total Employment</b>	16.6	13.0	13.8	5.0

Source: CE/ GLH

- 4.28 A more detailed analysis of BRES data highlights manufacturing sub-sectors which are strongly represented in Rugby Borough:
- Concrete/ cement manufacture (800 jobs);
  - Electrical motors/ generators (500 jobs);
  - Transport equipment (300 jobs).
- 4.29 Key manufacturing employers include Rugby Cement, Hanson, Alstom, and Rolls Royce. There is also notable representation of automotive component manufacturers. A range of other sub-sectors which are strongly represented may be influenced by individual firms, including Morgan Advanced Materials and Premier Foods.
- 4.30 Employment in financial and professional services and business support has grown across the LEP area, and in Rugby. Over the 30 year period examined, the strongest growth in employment in office-related employment in Rugby Borough has been in:
- Business support services;
  - Head office and management consultancy;
  - Architectural and engineering services.
- 4.31 Overall employment in public administration has fallen; as has that in the finance and insurance sector.
- 4.32 Looking more specifically at the last decade (2003-13), Business Support Services has seen some of the strongest growth (+ 1,200 jobs), followed by the head office/ management consultancy and architectural/ engineering services sectors (+500 jobs in each).

**Table 10: Trends in Professional Services & Public Administration, Rugby Borough 1983-2013**

Total Employment ('000s)	1983	1993	2003	2013
Media	0.3	0.4	0.4	0.3
IT services	0.6	0.6	1.1	0.9
Financial & insurance	0.9	0.7	0.6	0.7
Real estate	0.1	0.2	0.3	0.5
Legal & accounting	0.3	0.4	0.4	0.6
Head offices & management consultancies	0.1	0.3	0.5	1.0
Architectural & engineering services	0.5	1.0	1.0	1.5
Other professional services	0.3	0.5	0.8	0.8
Business support services	1.8	2.0	2.5	3.7
Public Administration & Defence	1.9	2.8	1.5	1.2
<b>Total</b>	<b>7.0</b>	<b>8.9</b>	<b>9.0</b>	<b>11.1</b>

Source: CE/ GLH

## Business Base

- 4.33 The ONS Inter-Departmental Business Register identifies 4,025 enterprises in Rugby Borough in 2013, with a total of 4,725 local units (recognising that some businesses may have more than one business location).
- 4.34 Figure 11 overleaf assesses the stock of businesses units by sector. It compares the composition of businesses to the LEP area as well as regional and national trends. Using a location quotient analysis, the evidence suggests a concentration of businesses in the following sectors in comparative terms:
- Transport and Storage;
  - Professional, Scientific and Technical; and
  - Information and Communications.
- 4.35 Relative to the LEP area, there is also a concentration of construction businesses. However, the number of construction businesses in Rugby is lower than expected when compared to the numbers employed within the construction sector relative to regional and national rates. This is likely due to the way construction jobs are counted due to the on-site location of many such jobs.

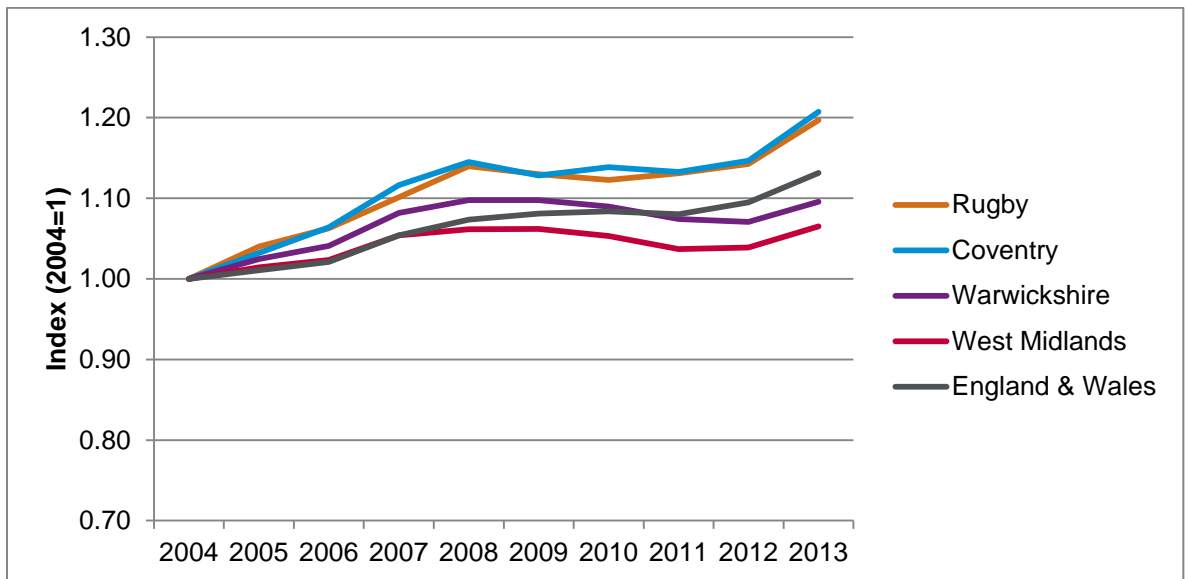
**Table 11: Number and Concentration of Businesses by Sector, 2013**

	Rugby		Coventry & Warwickshire	West Midlands	UK	LQ vs. West Midlands
	#	%	%	%	%	
<b>Agriculture, Forestry, Fishing</b>	285	6.0%	4.1%	5.8%	5.5%	1.04
<b>Production</b>	270	5.7%	6.6%	7.6%	5.7%	0.75
<b>Construction</b>	430	9.1%	8.7%	9.9%	10.1%	0.92
<b>Motor Trades</b>	175	3.7%	3.5%	3.5%	2.9%	1.05
<b>Wholesale</b>	205	4.3%	4.6%	5.4%	4.6%	0.81
<b>Retail</b>	395	8.4%	10.3%	11.3%	10.6%	0.74
<b>Transport &amp; Storage</b>	470	9.9%	4.8%	4.0%	3.3%	2.47
<b>Accommodation &amp; Food</b>	270	5.7%	5.8%	5.8%	6.3%	0.98
<b>Information &amp; Communication</b>	305	6.5%	7.0%	5.2%	6.9%	1.24
<b>Finance &amp; Insurance</b>	75	1.6%	2.0%	2.1%	2.4%	0.76
<b>Property</b>	135	2.9%	3.4%	3.4%	3.6%	0.83
<b>Professional, Scientific &amp; Technical</b>	765	16.2%	16.8%	12.9%	15.3%	1.26
<b>Business Admin &amp; Support</b>	325	6.9%	7.2%	7.0%	7.0%	0.99
<b>Public Administration</b>	35	0.7%	1.0%	1.1%	0.9%	0.65
<b>Education</b>	130	2.8%	2.6%	2.7%	2.6%	1.02
<b>Health</b>	195	4.1%	5.1%	6.2%	5.8%	0.67
<b>Arts, Entertainment &amp; Recreation</b>	260	5.5%	6.3%	6.1%	6.6%	0.90

Source: Inter-Departmental Business Register

- 4.36 ONS Business Demography data suggests that the business base has grown since, and includes businesses which may fall below the VAT threshold. ONS Business Demography data indicates that the stock of enterprises in the Borough having grown by 15% over the previous decade (2003-13). The Borough's stock accounts for 12.3% of businesses across the LEP area.
- 4.37 Figure 6 shows how the stock of businesses has grown over the last decade (2004-13) in Rugby Borough compared to wider geographies. Rugby Borough, together with Coventry, has seen a stronger rate of growth in businesses than is evident either at the wider county, regional or national level. The evidence suggests that **the Borough has seen a relatively strong comparative growth in businesses is thus a relatively enterprising place.**
- 4.38 Growth in the stock of businesses has evidently been affected by wider economic conditions; and this is why the chart shows no real net growth over the 2008-12 period. However the most recent data from 2013 suggests that growth in the stock of enterprises has returned; and indeed that recent performance in Rugby Borough (and Coventry) has again been stronger than wider comparators.

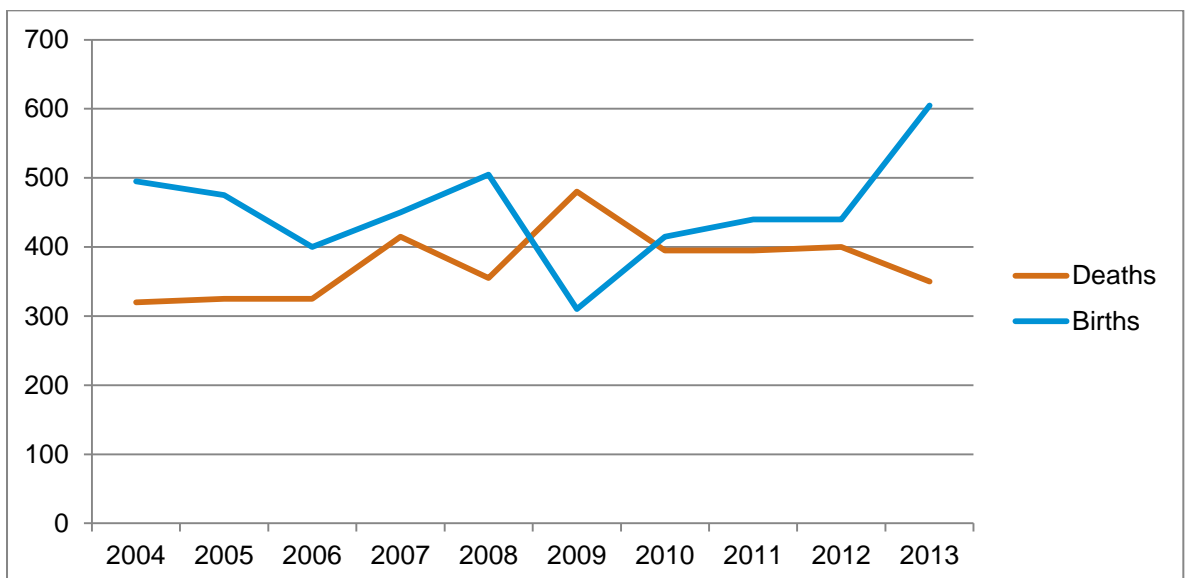
**Figure 6: Growth in Active Enterprises, 2004-13**



Source: ONS Business Demography Statistics

4.39 The growth in the stock of enterprises is a function of the balance between business births and deaths. Figure 7 breaks this down. It shows that the death rate of businesses has generally been exceeded by births, except in 2009. The most recent year of data points to strong business births in 2013 with over 600 businesses formed. Similarly deaths in this year fell to 350.

**Figure 7: Business Births and Deaths, Rugby Borough 2004-13**



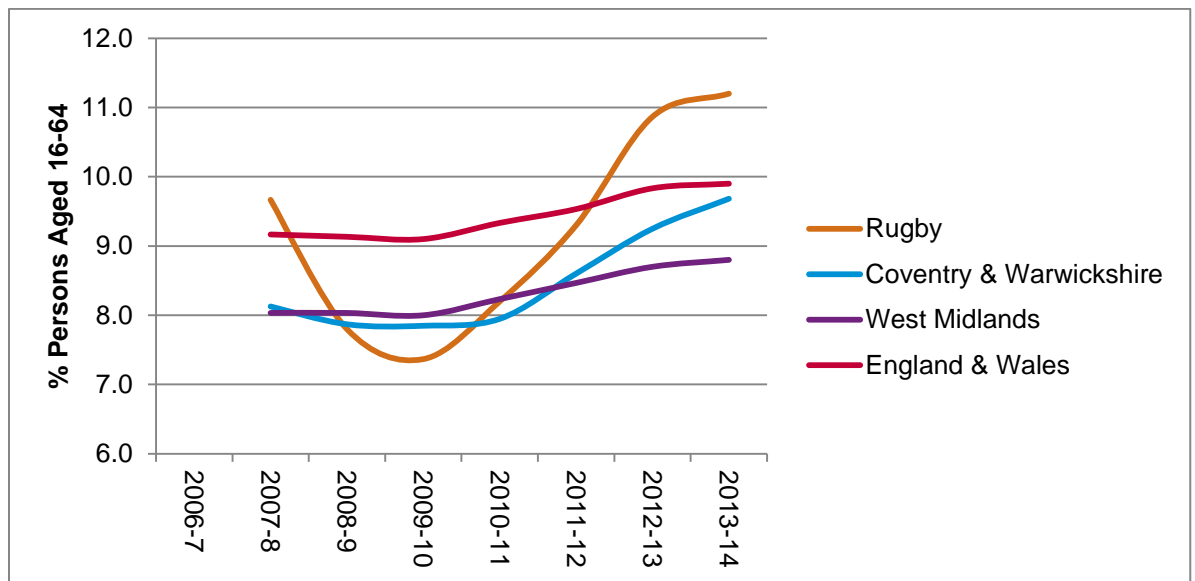
Source: ONS Business Demography Statistics

4.40 Turning to consider self-employment, the evidence points to relatively strong levels of self-employment in Rugby Borough; and growing levels of self-employment since the recession. Growth

in self-employment is also evident since the recession at a national level, and within the LEP area (which has also seen strong growth).

- 4.41 The Annual Population Survey data indicates that around 11% of residents aged 16-64 are self-employed. This compares to a national average of 10% which is slightly above levels seen across the LEP area and West Midlands.

**Figure 8: Self-Employment, 2006/7 – 2013/14**



Source: Annual Population Survey

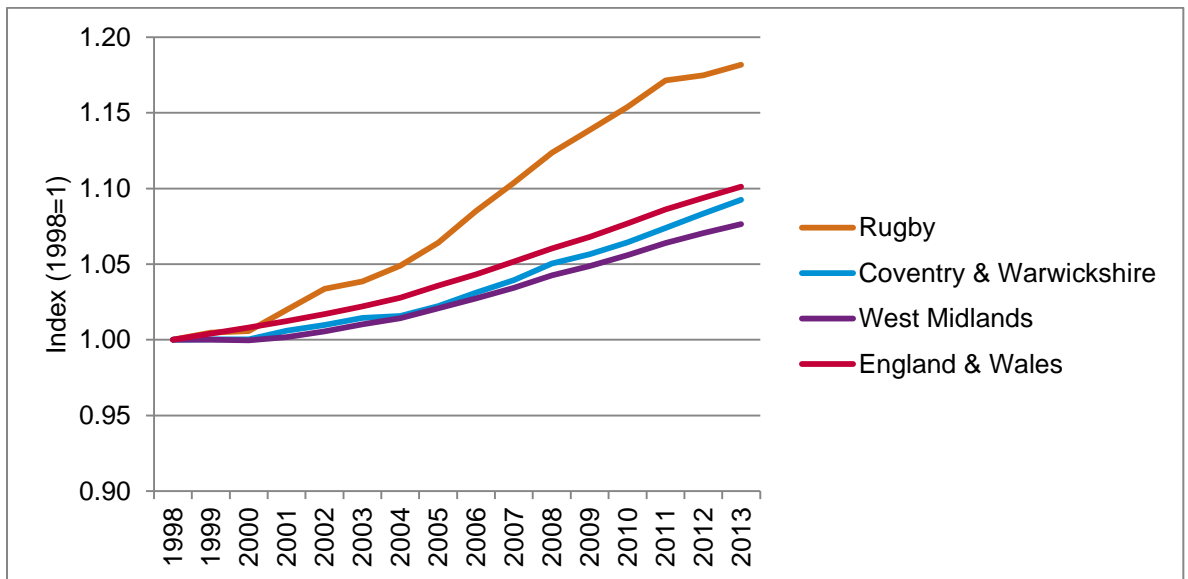
## Labour Market

### Population Growth

- 4.42 The latest statistics indicate that Rugby Borough had a population of 101,400 in mid 2013<sup>7</sup>. The Borough's population grew strongly between 2000 and 2011 as Figure 9 overleaf shows.
- 4.43 Looking over the last 15 years, the Borough's population has grown by 18%. This is significantly above average, and compares to 8% population growth across the West Midlands; 9% across Coventry and Warwickshire as a whole; and a national average of 10% growth.

<sup>7</sup> ONS Mid Year Population Estimates, 2013

**Figure 9: Population Growth Index, 1998-2013**

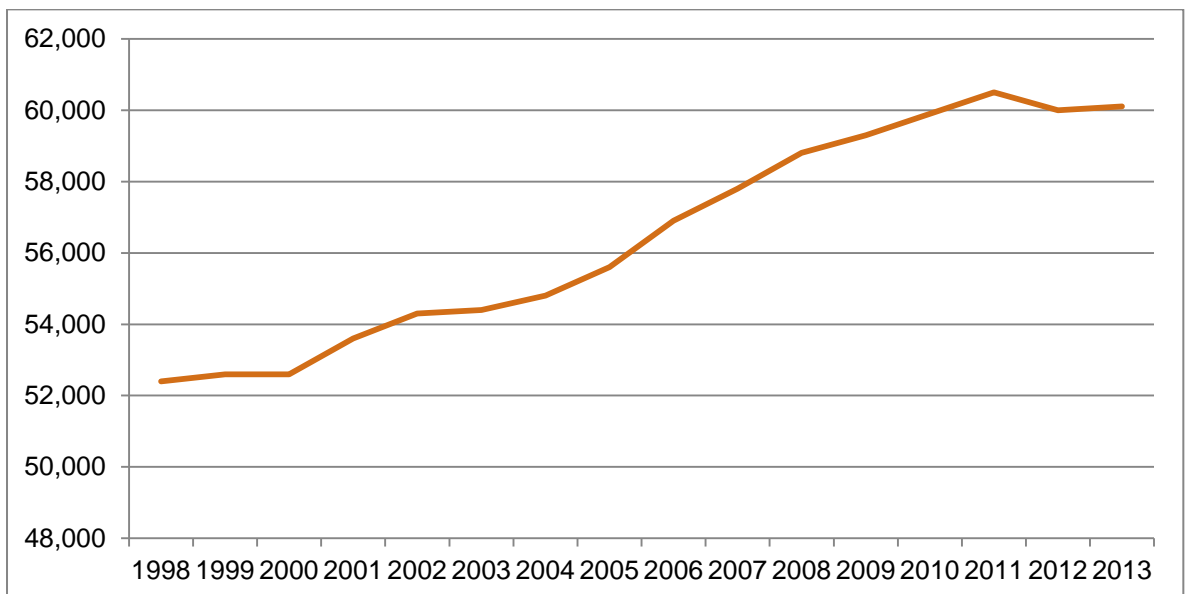


Source: ONS Mid Year Population Estimates

**Working Age Population**

4.44 The Borough has a working-age population between 16 and 59 (for women) and 64 (for men) of 60,100. The working-age population grew relatively strongly between 2000-11. However this hasn't grown over the last two years, linked to more modest overall population growth. The proportion of people of working age (59.3%) is modestly below regional and national benchmarks.

**Figure 10: Growth in Working-Age Population (16-59/64) in Rugby Borough, 1998-2013**



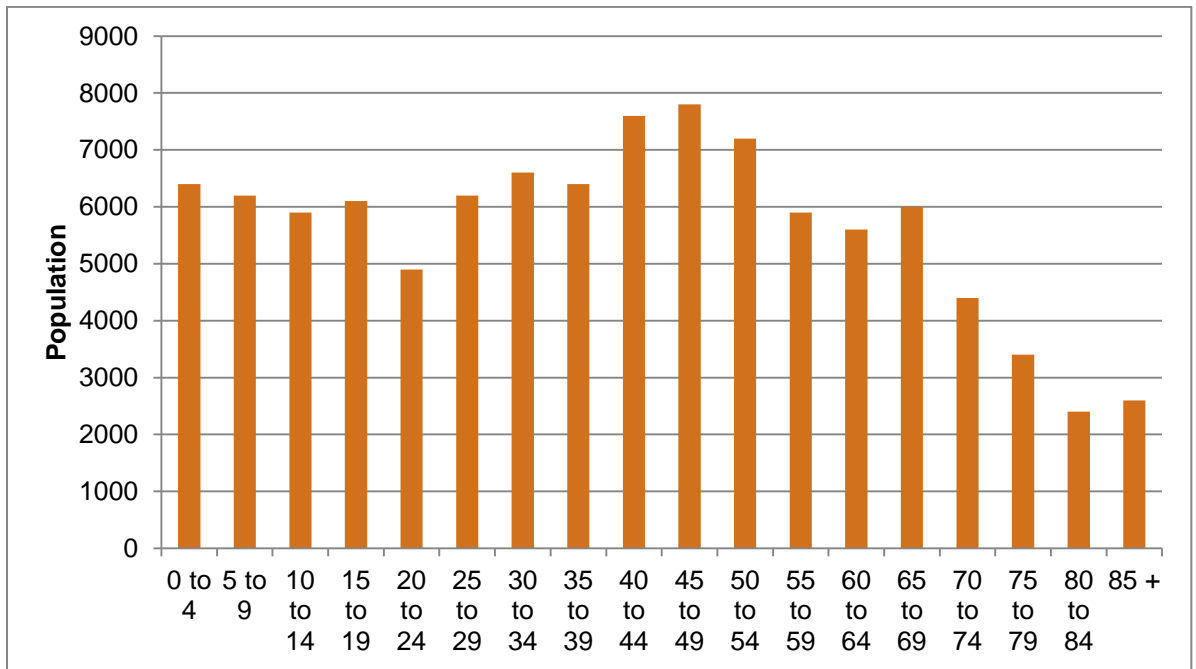
Source: ONS Mid-Year Population Estimates



### Age Structure

4.45 The age structure of the resident population is shown below. The largest age groups within the population are those aged 45-54. There is a lower proportion of people aged 20-24 which reflects people moving away to University.

**Figure 11: Age Structure of Rugby Borough's Population, 2013**

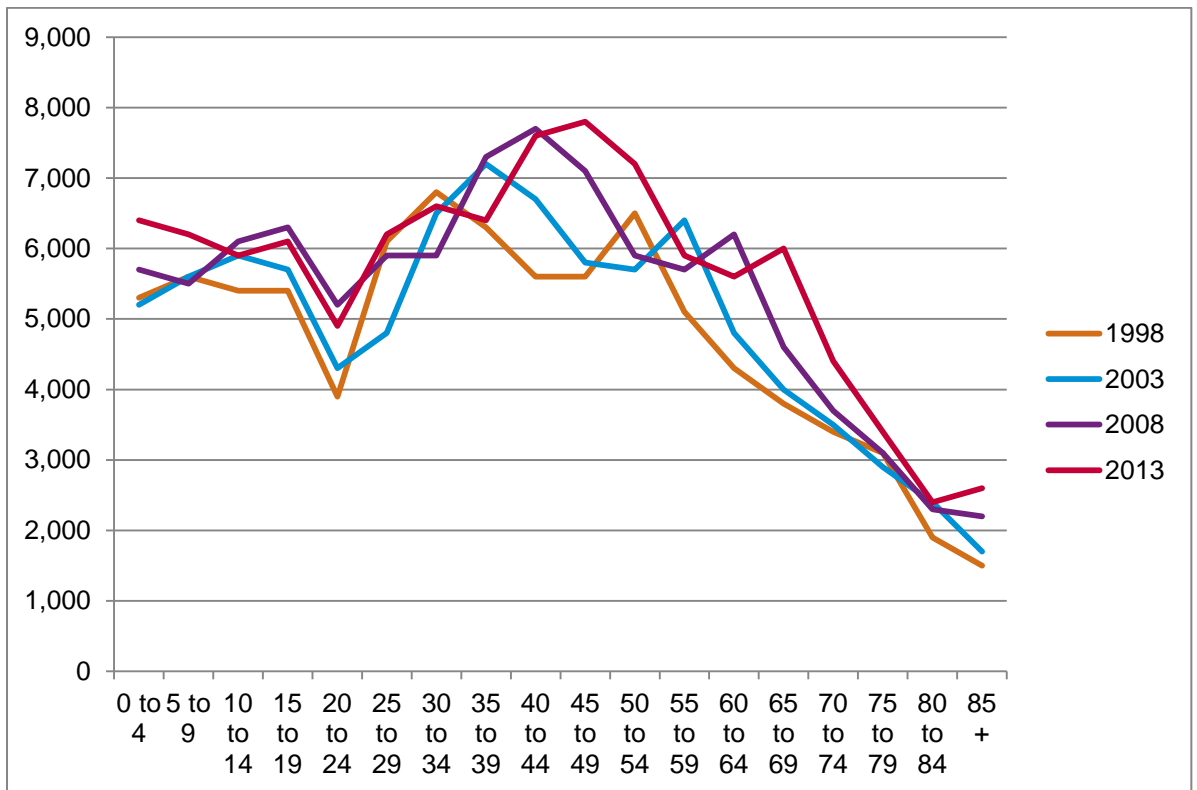


Source: ONS Mid-Year Population Estimates

4.46 Figure 12 shows how the age structure of Rugby Borough's population has been changing over the past 15 years. The graph shows how the large age group within the Borough's population aged 20-44 has aged over time; and in 2013 was aged 40-59. Over the next 15 years a notable proportion of this age group will move into retirement. The implications of this could be both a loss of skills within the workforce; but may also influence the overall size/ scale of the workforce in the Borough. This is considered further in the forecasts section.

4.47 The graph also suggests that the proportion of people going to university has been increasing, with the number of residents aged 15-24 declining over time. It also highlights a growing proportion of people aged 60 and over.

**Figure 12: Changes in Population by Age Band in Rugby Borough, 1998-2013**

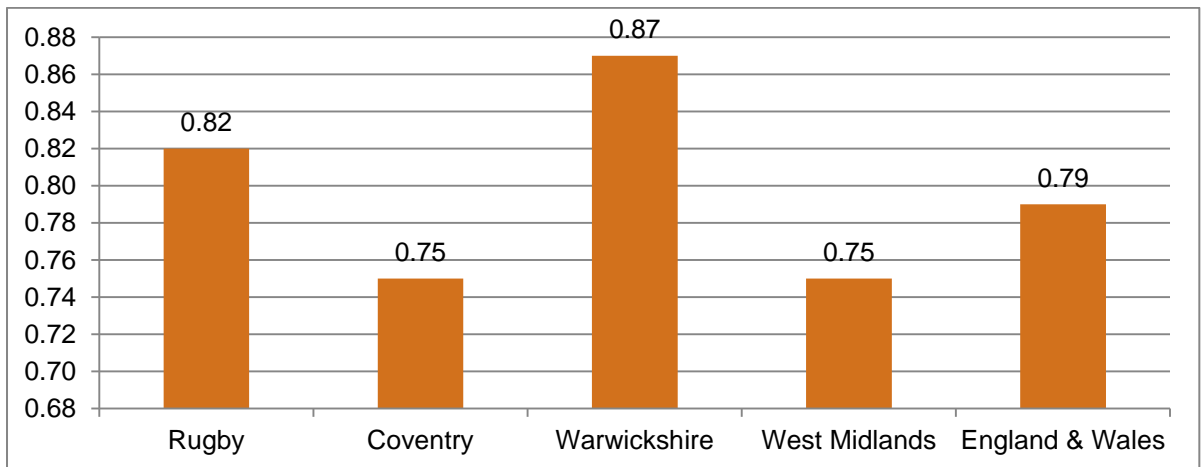


Source: ONS Mid Year Population Estimates

**Jobs Density**

- 4.48 ONS Jobs density statistics measure the relationship between workforce jobs in a local authority and the resident population aged 16-64. This is a measure of the density of employment in an area.
- 4.49 Rugby Borough in 2012 had a jobs density of 0.82. This was above the West Midlands and England averages. The jobs density data suggests **a broad balance (in respect of overall numbers) between jobs and residents in employment at the current time.**

**Figure 13: Jobs Density, 2012**



Source: ONS/ NOMIS

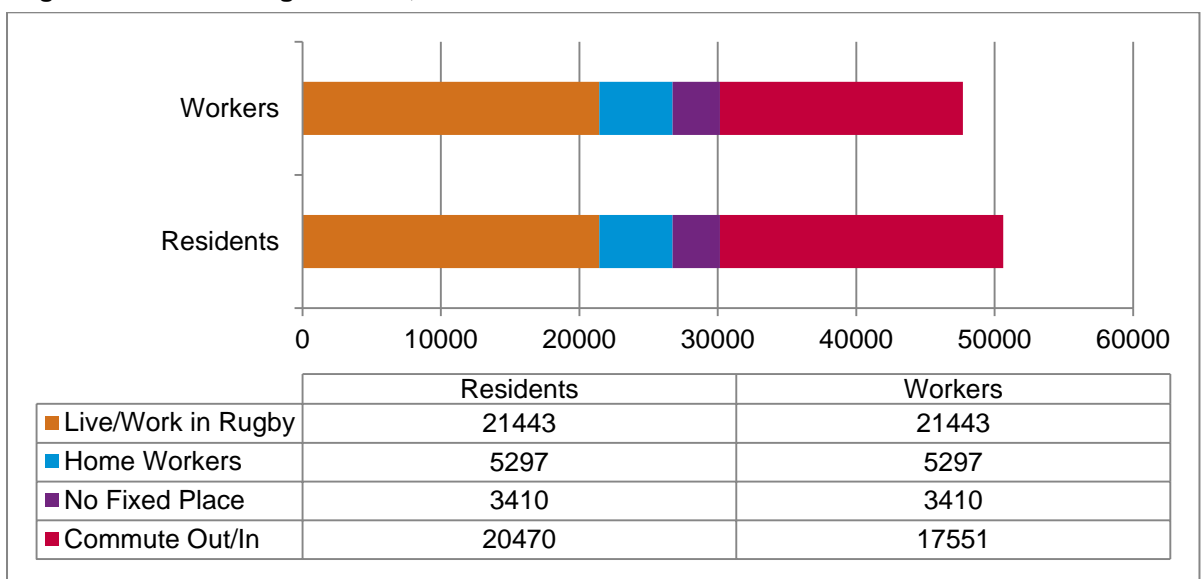
**Commuting Patterns**

4.50 Figure 14 assesses commuting dynamics based on 2011 Census data. It indicates modest net out-commuting from the Borough to work (2,900 persons per day). We would consider that this is to be expected given:

- The location of the Borough adjoining a larger City (Coventry); and
- Major employment at DIRFT which adjoins the Borough boundary.

4.51 The commuting data does highlight that around 10% of residents in work, work at or mainly from home (home workers). If we exclude those with no fixed place of work, 57% of residents live and work within the Borough. A higher 60% of those working in the Borough also live within it.

**Figure 14: Commuting Patterns, 2011**



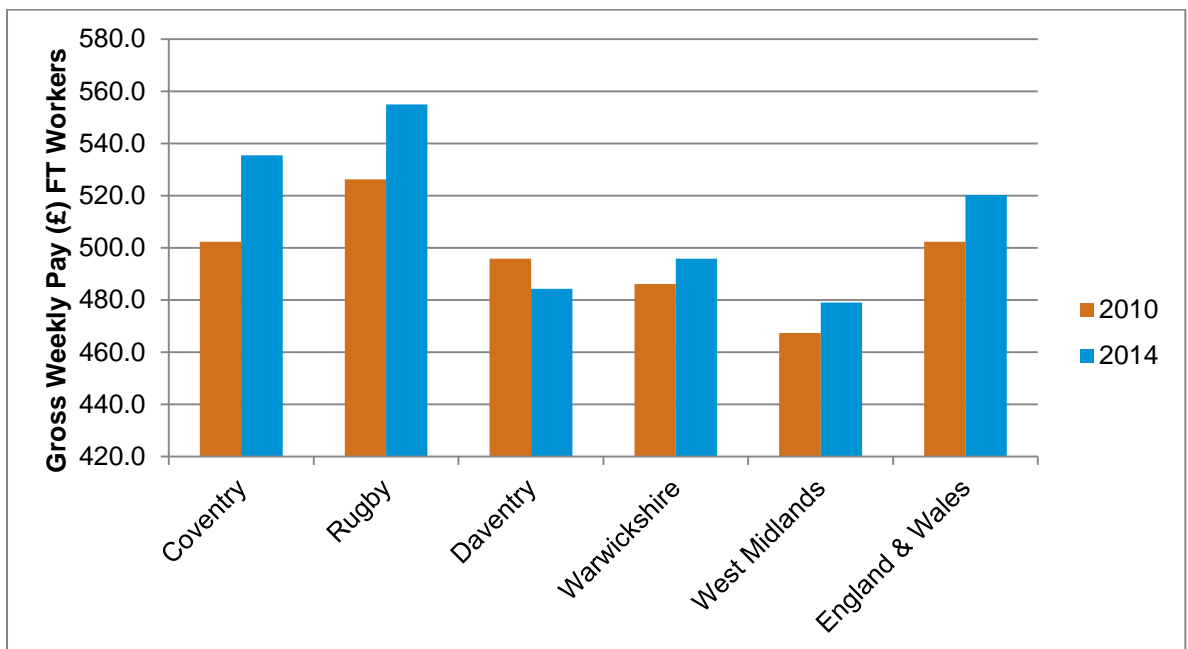
Source: 2011 Census

## Earnings

4.52 Figure 15 profiles gross weekly earnings of full-time workers with jobs in Rugby Borough in 2014, and in 2010. Earnings of those working in the Borough are 7% above the national average, and a more significant 12% above the Warwickshire and 17% above the West Midlands average. These workplace earnings statistics provide an indication that **productivity (GVA per job) is likely to be above wider averages.**

4.53 Between 2010-14 earnings nationally increased by 4% - suggesting earnings growth fell below inflation (and thus fell in real terms). Rugby Borough performed slightly better, with earnings growth of 5%.

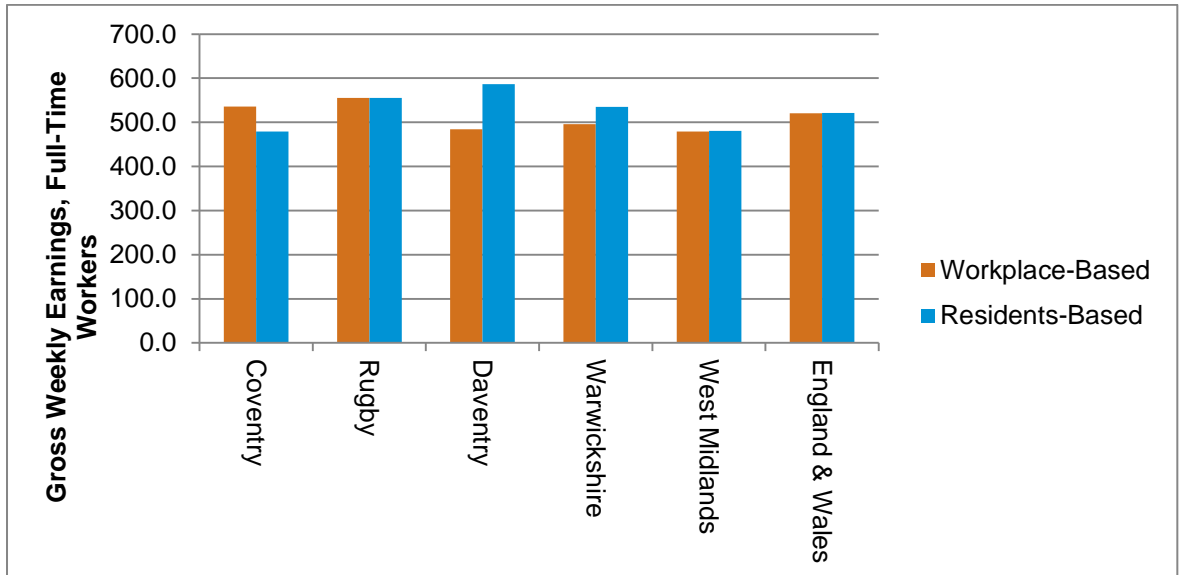
**Figure 15: Workplace-based Weekly Earnings of Full-Time Workers**



Source: Annual Survey of Hours and Earnings

4.54 Figure 16 compares earnings of those working in different areas (workplace-based) with those living in them (residents-based). In Rugby Borough there is a broad parity between the two. Coventry sees higher workplace-based earnings (pointing towards in-commuting of those in higher paid jobs). The opposite is true of Daventry (out-commuting of those in higher paid jobs).

**Figure 16: Comparison of Residents- and Workplace-based Earnings, Full-Time Workers, 2013**

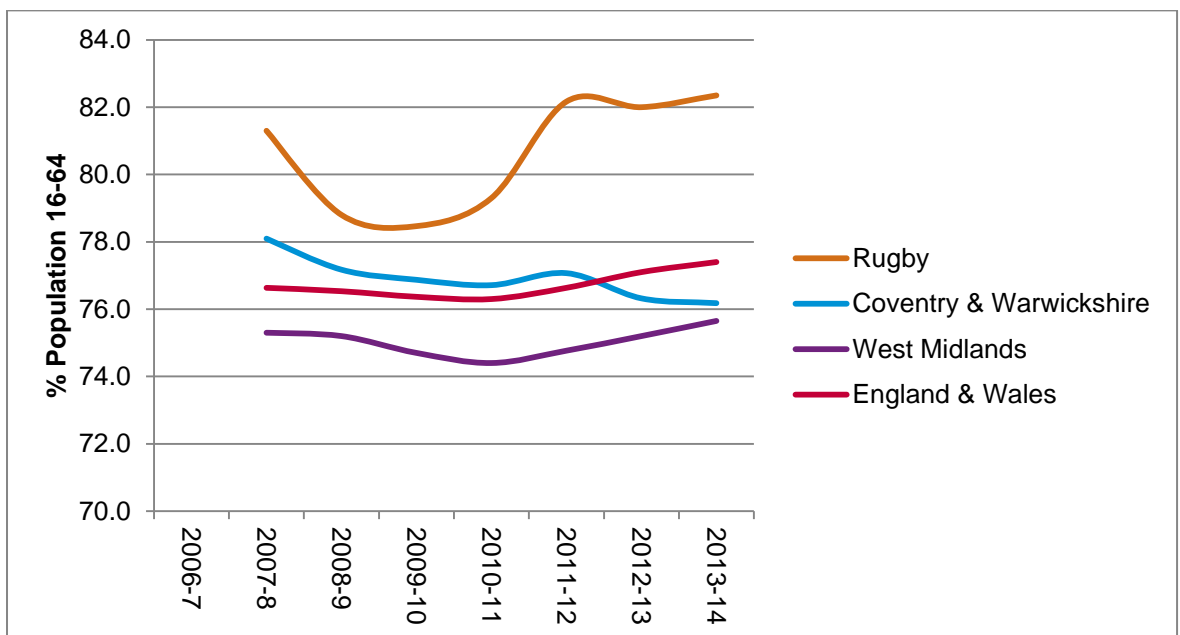


Source: Annual Survey of Hours and Earnings

**Economic Activity**

4.55 Figure 17 shows trends in economic activity. The Economic Activity Rate describes the proportion of residents aged 16-64 who are in employment, full-time education or in search of work. We have used data from the Annual Population Survey. To smooth out issues with the data, Figure 17 presents three year moving averages.

**Figure 17: Trends in Economic Activity, 2006-14**

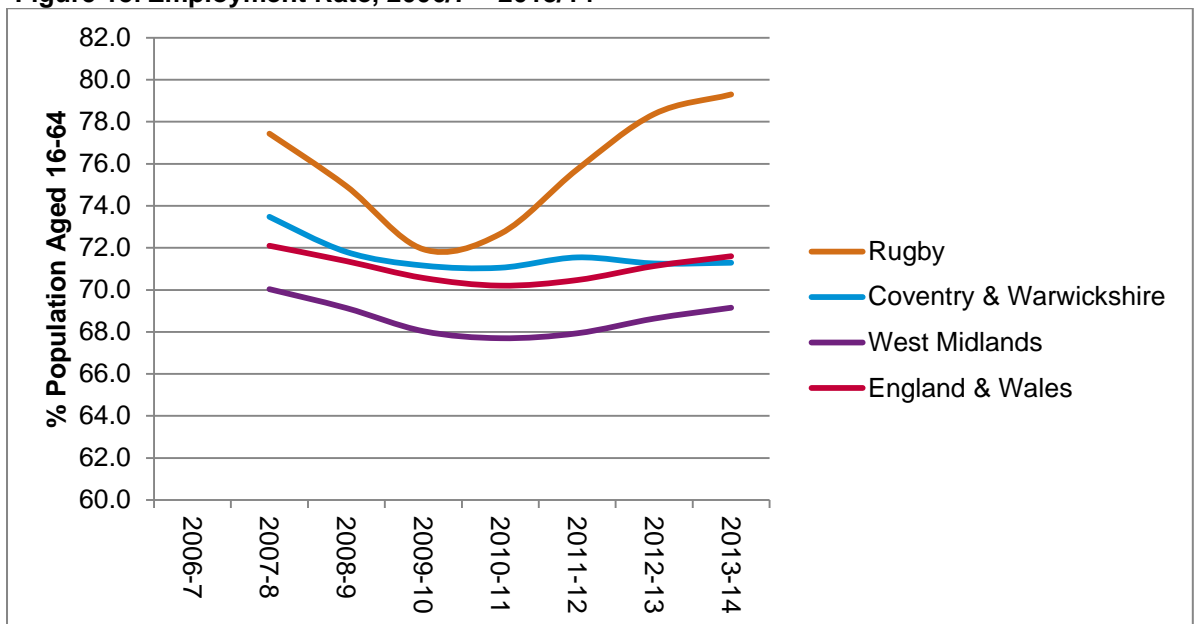


Source: ONS Annual Population Survey

4.56 The economic activity rate in Rugby Borough has consistently been above regional or national averages and the average across the LEP area. The economic activity rate fell by around 3 percentage points on the onset of the recession; but saw the lost ground recovered between 2010/11 – 2011/12. It has been relatively stable since at around 82%. This compares with a national average of 77% and contrasts with a generally modest downward trend across the LEP area.

4.57 The employment rate describes the proportion of people aged 16-64 who are in employment. It is a sub-set of the wider economic activity rate. Figure 18 shows how the employment rate has changed; again using three year moving averages. We see a similar picture, with the employment rate falling from 77% to 73% between 2007/8 – 2009/10 but subsequently recovering the lost ground. In 2013/14 the employment rate at 79% sits notably above that across wider benchmarks. It points to relatively strong labour market performance and conditions near full employment.

**Figure 18: Employment Rate, 2006/7 – 2013/14**

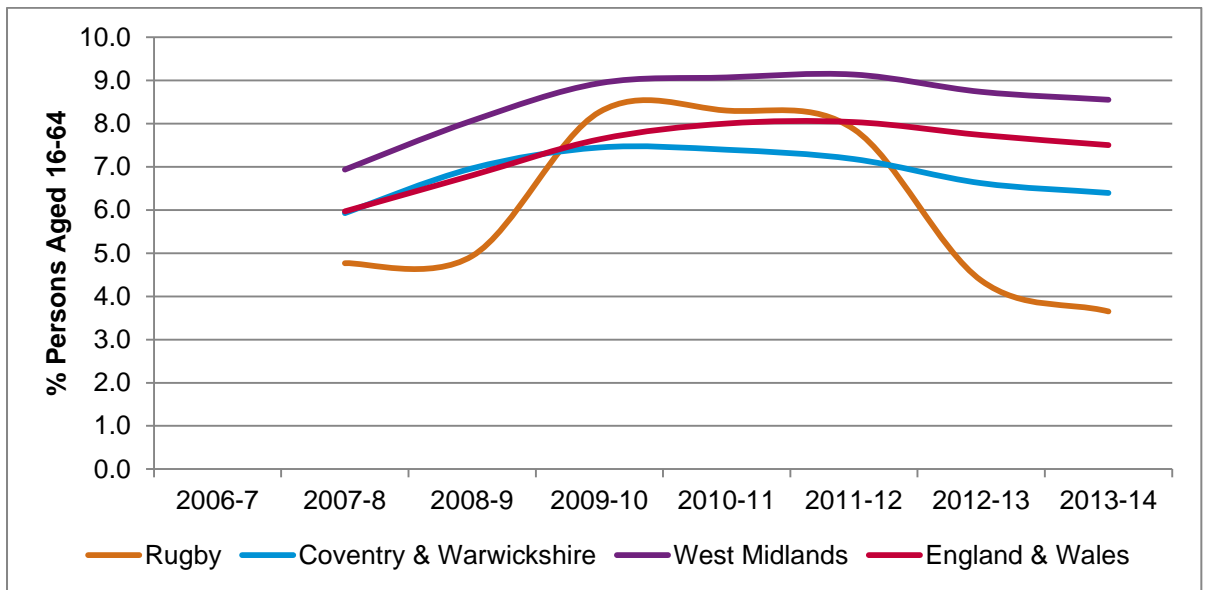


Source: ONS Annual Population Survey

### Unemployment

4.58 As we might expect unemployment is thus low. Whilst it rose during the recession, it appears to have fallen quickly since 2011/12 and stands at 3.65% as a proportion of residents aged 16-64 in Rugby Borough. This compares to a rate of 6.4% across Coventry and Warwickshire; 7.5% nationally and 8.6% across the West Midlands. Again this points to a strong recovery in employment levels – and a relatively tight labour market in the Borough.

**Figure 19: Unemployment, 2006/7 – 2013/14**



Source: ONS Annual Population Survey

4.59 In December 2014, the Job Seekers Allowance (JSA) Claimant Rate was 0.9% (538 persons) compared to 2.4% across the West Midlands and 1.9% nationally. JSA Claimants are a sub-set of overall unemployment.

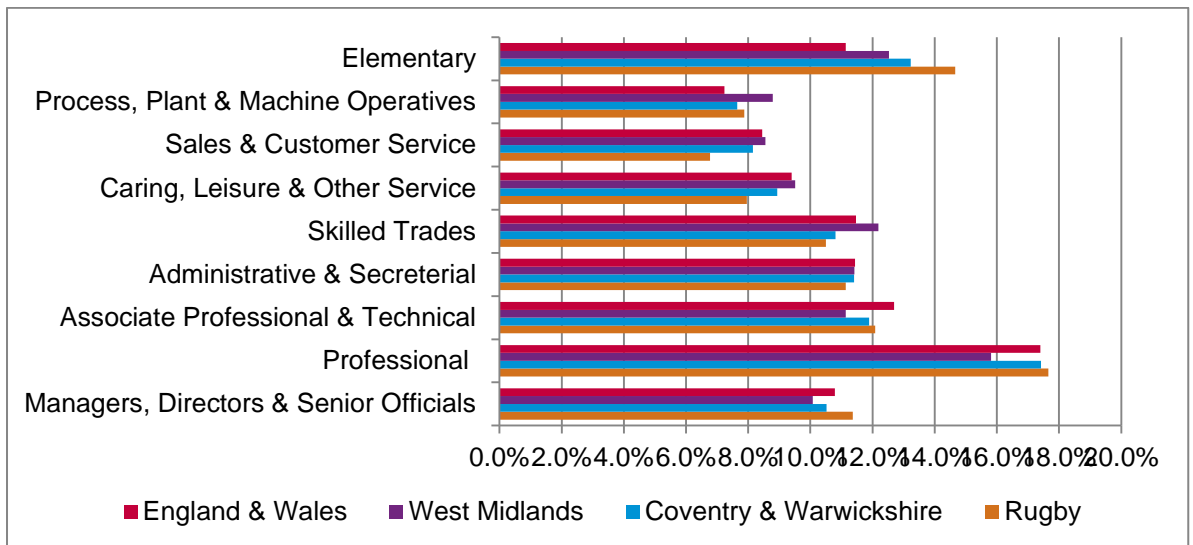
### Skills and Occupation Profile

4.60 We have next considered skills and occupations. Relative to the LEP area more widely, Rugby Borough has an above average representation of residents employed in/ as:

- Managers and Senior Officials;
- Professional Occupations;
- Associate Professional and Technical Occupations;
- Process, Plant and Machine Operatives;
- Elementary occupations.

4.61 The occupational profile is thus quite mixed – with a high representation in some of the highest, and some of the lowest paid jobs. It has a notably low representation of people in sales and customer service; and caring, leisure and other service occupations. The numbers in skilled trades is also relatively modest.

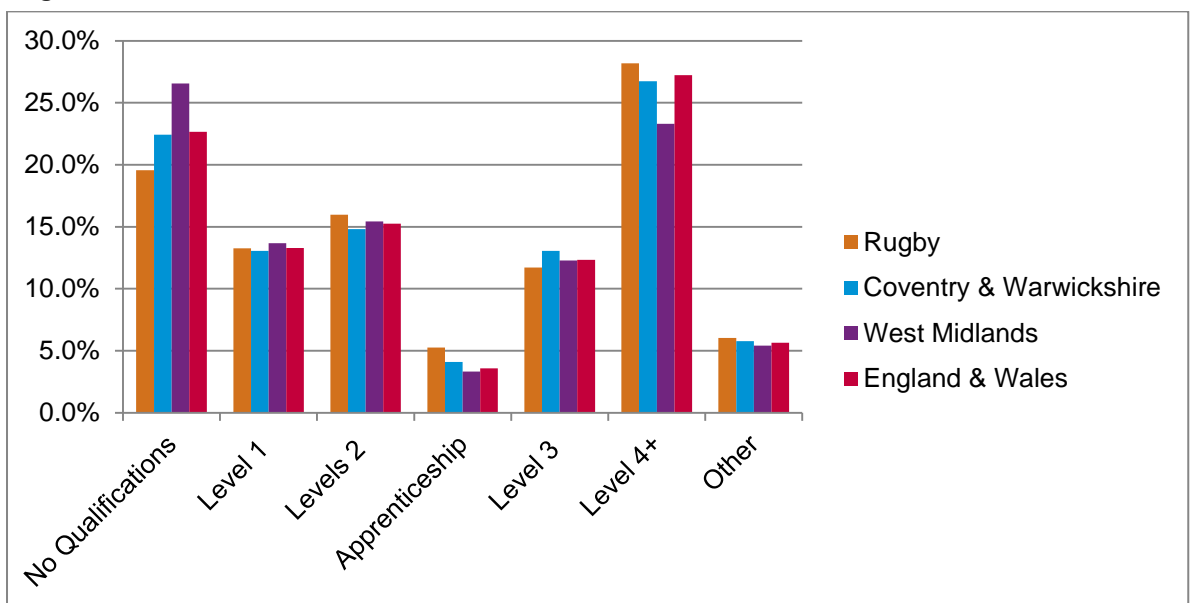
**Figure 20: Profile of Occupations of Working-Age Residents, Rugby Borough 2011**



Source: 2011 Census

4.62 The occupational profile relates partly to that of residents' skills. 26.7% of Rugby Borough residents in employment in 2011 were qualified to Level 4 or above (degree-level or equivalent skills). This is moderately above the LEP and national averages – but below that in some of the best performing local economies across the country. By way of comparison, the authorities with the highest proportion of Level 4+ qualified residents are all in London with the highest (City of London) having 68% of such residents. By this measure Rugby ranks 124<sup>th</sup> of 326 England authorities, and 9<sup>th</sup> in the West Midlands. The Borough also has an above average proportion of people with Level 2 skills (16.0%) and Apprenticeships (5.3%). The proportion with no qualifications is notably below average.

**Figure 21: Skills Profile of Residents, 2011**



Source: 2011 Census



4.63 Given the notable proportion of the workforce in their 40s and 50s, there are however likely to be skills issues associated with attracting suitably skilled people to replace those moving into retirement. This 'replacement demand' is likely to be a particular issue for some manufacturing firms in particular.

### Implications

4.64 Rugby Borough's economy has performed strongly in the past and has fared the recession well. It has seen positive growth in employment, growth in businesses/ enterprise and in self-employment. This has been supported (in part) by a population which has grown more strongly than some other parts of the sub-region.

4.65 Key statistics indicate that the Borough is performing well:

- Economic participation is strong, with low levels of unemployment;
- The proportion of people with degree-level skills is above regional and national averages;
- Growth in the business base has been stronger historically than wider comparators (albeit that performance was affected by the recession);
- Earnings levels are above those in wider geographies, including the LEP average, pointing to above average productivity.

4.66 There are however some potential challenges. Whilst skills levels are reasonable, they are not as good as they could be (and the LEP's research identifies potential skill issues for some key sectors including Advanced Manufacturing and Engineering). A notable proportion of the current workforce may move into retirement over the next 20 years, and "replacement demand" for skilled roles is an important consideration. Lower population growth over the last couple of years has also seen growth in the size of the workforce plateau.

4.67 The analysis of the Borough's economy demonstrates a strength in the following sectors with growth potential:

- Construction;
- Transport and storage;
- Professional, scientific and technical activities
  - Including engineering activities and technical consultancy;
- Manufacturing sub-sectors – including
  - food and drink;
  - metals;
  - materials; and
  - electrical.
- Education.



## 5 COMMERCIAL PROPERTY MARKET

5.1 This section provides an assessment of the office and industrial property market in Rugby Borough and the wider Coventry and Warwickshire sub-region. This assessment has been undertaken using a variety of sources including take-up and availability data from EGi, a review of the latest commercial property literature, and through stakeholder consultation.

5.2 The analysis takes account of statistical analysis, together with input from surveyors D&P Holt regarding market dynamics. It also takes account of feedback from the Stakeholder Workshop held on 21<sup>st</sup> April 2015 and information subsequently provided to GL Hearn by a number of developers and their agents.

### National Economic Conditions

5.3 Nationally, economic growth has been above trend over the last year and a half supported by growth across a range of different parts of the economy. The Office for Budget Responsibility (OBR) published its Economic and Fiscal Outlook in December 2014. GDP growth was revised upwards to 3.0% for 2014, having been previously forecast at 2.7%.

5.4 However the OBR expect economic momentum to weaken through 2015, forecasting GDP growth in 2015 of 2.5%. This is attributed to weaker external demand and the expectation that consumer spending growth will slow to rates more in line with growth in people's incomes. Manufacturing output is weakening linked to continuing weak performance of the Eurozone, which is a major export market for UK manufacturers.

5.5 The OBR reports that the pick-up in growth since early 2013 reflects a cyclical recovery in demand which is supported by growing confidence and improving credit conditions. However, this has not been accompanied by an improvement in underlying supply potential.

5.6 Recent growth in employment across the UK has been very strong, and this has fed into occupier demand for property. However a significant proportion of recent growth in employment relates to growing self-employment rather than employee jobs.

5.7 The Office of National Statistics reported in January 2015 that the Consumer Price Index (CPI) increased by 0.5% in the year to December 2014, down from 1.0% in the year to November. Taken as a whole, prices for services increased by 2.3% in the year to December 2014 while prices for goods decreased by 1.0%. The main contribution to the slowdown in the inflation rate came from a rise in gas and electricity prices.

5.8 The Bank of England base rate continues to remain at its historic low of 0.5%. Forward guidance provided by the Governor of the Bank of England in August 2013 stated that a rise in the base rate

would not be considered until the rate of unemployment fell below 7%. In February 2014, as unemployment approached 7%, the MPC made a further guidance statement. This reported that despite the sharp fall in unemployment, there remains scope to absorb spare capacity further before raising the Bank Rate. When Bank Rate does begin to rise, this is expected to be gradual, with the approach to eliminate slack over the next two to three years and keep inflation close to the 2% target.

- 5.9 Growth in house prices has been supported by an improvement in the availability and a reduction in the cost of credit, partly as a result of the Government's 'Funding for Lending' and 'Help to Buy' schemes. This is an important influence on the construction sector.
- 5.10 Consumer confidence has increased significantly in recent months with signs that the UK economy is gathering momentum. Output increased in three of the four main industrial groupings within the economy in Q1 2014 compared with Q4 2013. In the services sector, which represents three quarters of economic output, output increased by 0.9%, there was 0.8% increase in production and 0.3% increase in construction. However, output decreased by 0.7% in agriculture.
- 5.11 The OBR's December 2014 consensus forecasts expect 2.4% GDP growth in 2015 with growth of between 2.2 – 2.4% per annum expected in the medium term to 2019.

### Office Market Review

- 5.12 At a national level, the office market performed strongly in 2013 with take-up 33% up on the previous year. The first half of 2014 saw more modest take-up, despite improving wider economic confidence according to Lambert Smith Hampton. Availability levels have however continued to fall, and are now below the 10 year average reflecting limited new development since the 2009. There is a notable lack of Grade A space available in some markets outside London. This is now starting to feed through into positive rental growth in some areas.
- 5.13 Trends in office take-up are upwards, reflecting wider economic drivers. Development activity is increasing, but from a low level. Rental growth is positive but outside of London and the South East, growth has been modest. In areas with limited supply of quality space, rental growth can be expected to accelerate.
- 5.14 Business park take-up in the first six months of 2014 was strong, with 2.3 million sq.ft recorded nationally with particularly strong activity in the Midlands (with almost double the five year average take-up recorded). Availability nationally fell by 5% to 16.3 million sq.ft, but is still significant. This represents 3.5 years' supply and vacancy rate of 16.9%. In the Midlands market the vacancy rate is lower at 9.7%.

5.15 In the West Midlands region the main business park market is around the M42. The first half of 2014 saw improved activity, particular at Ansty Park in the Borough, as well as Waterfront at Merry Hill and Birmingham Business Park. Phase 2 of development at Ansty is under construction comprising six buildings ranging in size from 34,000 to 90,000 sq.ft. This includes the 60,000 sq.ft high temperature research building associated with the MTC. Supply in this market of good quality, large floorplates (15,000 sq.ft+) is becoming scarcer<sup>8</sup>. The improving market should support delivery at Ansty Park.

5.16 GVA forecast rental growth (nationally) of around 3% per annum on business parks over the period to 2018.

### **Sub-Regional Market**

5.17 The main office markets in Warwickshire and surrounding areas comprise:

- Coventry;
- Leamington Spa/ Warwick; and
- M42 Solihull.

5.18 The M42 has the most well developed business park market, with large schemes such as Blyth Valley and Birmingham Business Park. This was considered above. There is a limited out-of-town business park market in and around Coventry, with key schemes including Whitley Business Park and Ansty Park. The market for B1a office floorspace out of town is modest.

5.19 The rental tone in Coventry currently stands at around £16 psf for Grade A stock (and £10.50 for Grade B). Rents in Warwick/ Leamington Spa are modestly higher with prime rents of £17.00 psf. However in both cases, the rental tone is notably below the core Birmingham central and M42 Business Park markets. Prime rents in Birmingham stand at £28.50 psf (based on Colliers' statistics for 2014), with £19.50 psf being achieved at the NEC/ Birmingham Business Park.

5.20 Recent interest in Ansty Park has however been driven by manufacturing/ industrial firms as much as traditional B1 demand. Phase 1 of the schemes is complete, but a second phase of development is now underway. We understand that London Taxi Corporation is considering relocation of its existing facility at Holyhead Road, Coventry. A planning application for B2 development on Zone 6 of Ansty Park was submitted to the Council at the end of December 2014.

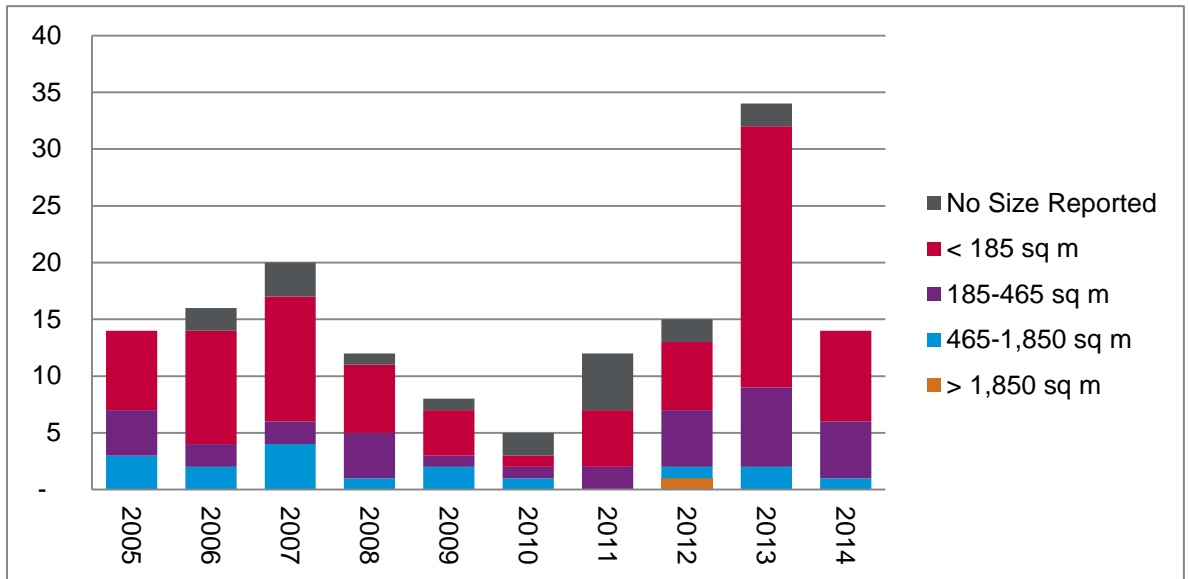
5.21 Development of B1a offices at Ansty Park or a similar location adjoining Coventry could be feasible (subject to the planning consent), however the rental tone makes viability marginal. Rents of £18-19 psf would need to be achieved to make development of B1a offices viable.

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<sup>8</sup> GVA Business Parks Review, Autumn 2014

- 5.22 Elsewhere within Rugby Borough the feasibility of development of new-build office floorspace is likely to be limited. The most recent development of office space has been by Gladman and Highcross at Central Park. This achieved £14-15 psf, but both schemes struggled. Whilst this is likely to partly reflect the timing of development and impact of wider economic conditions, it is also partly a reflection of local demand. Rents have since dropped and currently stand at £12 psf (£14 psf headline rents including incentives).
- 5.23 Besides Central Park, the other main concentrations of office floorspace are in the Town Centre and around the Rail Station. The Town Centre stock is predominantly dated. There is some office floorspace close to the station, including at Woodside Park and at Myson House. Myson House offers good parking provision and excellent proximity to Rugby train station. Costain recently took 15,000 sq.ft of space on a three year term at a rent of £10 psf. Change of use of units at Woodside Park to residential is proposed.
- 5.24 Figure 22 overleaf profiles the number of deals for office space recorded by EGi in Rugby Borough. An average of 15 deals are recorded per year. The chart shows how take-up declined from the onset of the recession between 2007-10. It has since increased, with a more substantial number of deals recorded in 2013.
- 5.25 Figure 22 also demonstrates that the profile of demand is focused on SMEs requiring < 185 sq.m of space. In particular there are very few deals from larger corporate occupiers requiring over 1850 sq.m. Over the 2005-14 period shown, just 2% of deals were in this category. 13% were for units of 465-1850 sq.m; 25% for those 185-465 sq.m; but the majority (61%) were for small units of less than 185 sq.m from SME occupiers.

**Figure 22: Profile of Office Deals in Rugby Borough by Size, 2005-14**

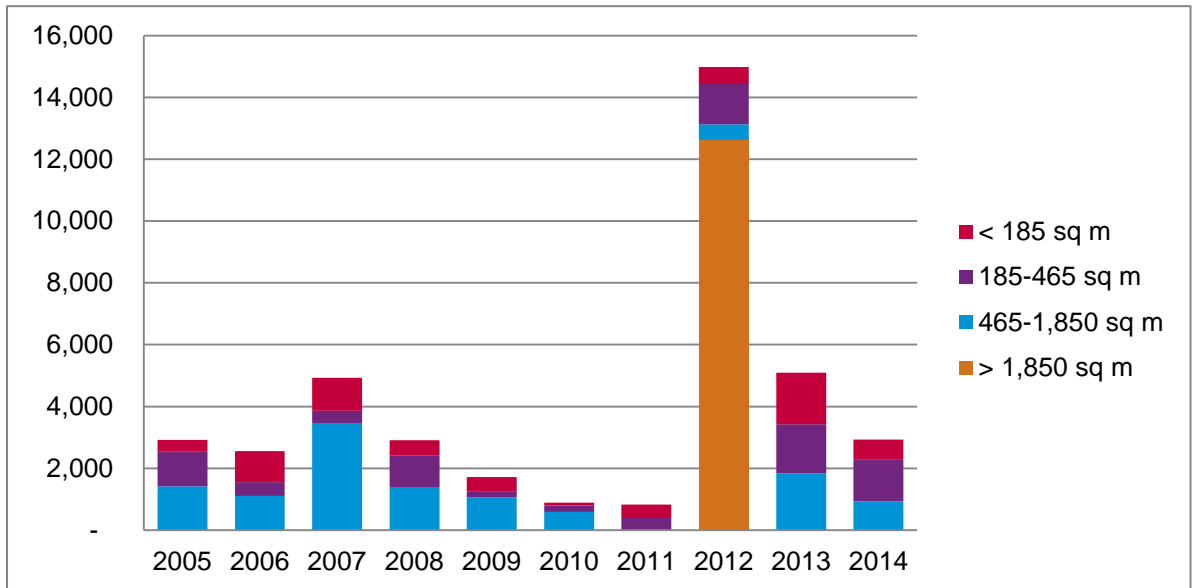


Source: EGi/ GL Hearn

- 5.26 Average annual office take-up was a modest 4,000 sq.m per annum over the 2005-14 period in Rugby Borough. This reflects the scale of the office market.
- 5.27 Figure 23 profiles take-up over time and by size band. 2012 take-up figures were influenced by Sainsbury's letting of 12,635 sq.m of floorspace at Ansty Park<sup>9</sup>. The quoted rent was £16 psf. Besides this, the demand profile is focused on local occupiers seeking space of under 1,850 sq.m.
- 5.28 Take-up fell between 2007-11, but has been more positive over the last three years. The scale of demand for office space remains modest.

<sup>9</sup> It should be noted that the Sainsbury's 2012 development in was delivered under a wider permission for B1a/b/c uses and not strictly B1a office use.

**Figure 23: Office Floorspace Take-Up in Rugby Borough by Size Band, 2005-14**

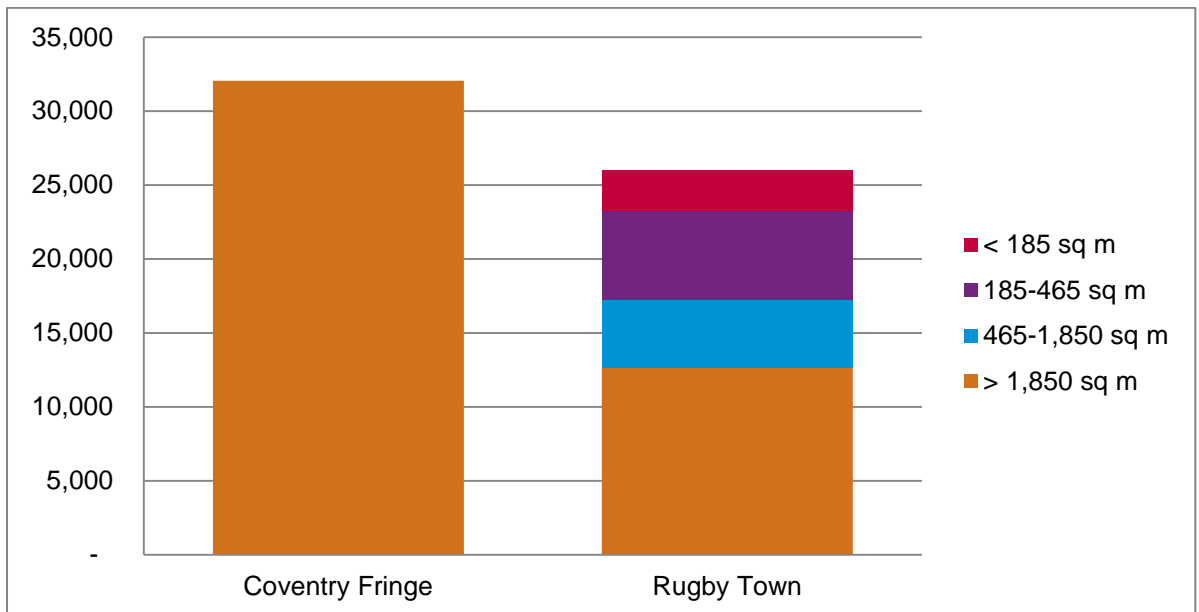


Source: EGi/ GL Hearn

- 5.29 The market for office space around Rugby Station is likely to be influenced by schemes in Coventry. The Friargate scheme in Coventry, a 300,000 sq.m City Centre mixed use scheme, is expected to deliver 14 Grade A office buildings. The first phase of the scheme will be anchored by Coventry City Council, who are to take 160,000 sq.ft. The Royal Institute of Chartered Surveyors are to take 35,000 sq.ft. It offers better rail links than Rugby (with for instance 3 train hourly frequency to London compared to 1 per hour at Rugby), as well as a larger catchment population and lower workforce costs.
- 5.30 Office demand in Rugby is thus most likely to be limited to catering for the requirements of existing local occupiers. Office demand can thus be expected to be of a modest scale. There is potential for some small-scale development within the Town Centre, but this is likely to be of small units most likely on a freehold basis. Substantive office development (including speculative development) is unlikely to be viable in the short-term.
- 5.31 EGi records 58,000 sq.m of available office floorspace (including potential development opportunities) as at December 2014. However 32,000 sq.m of this (55%) comprises the second phase of development at Ansty Park which essentially meets demand from a Coventry-focused market. If this is excluded, available office floorspace in Rugby itself comprises 26,000 sq.m. This comprises space of a mix of sizes.



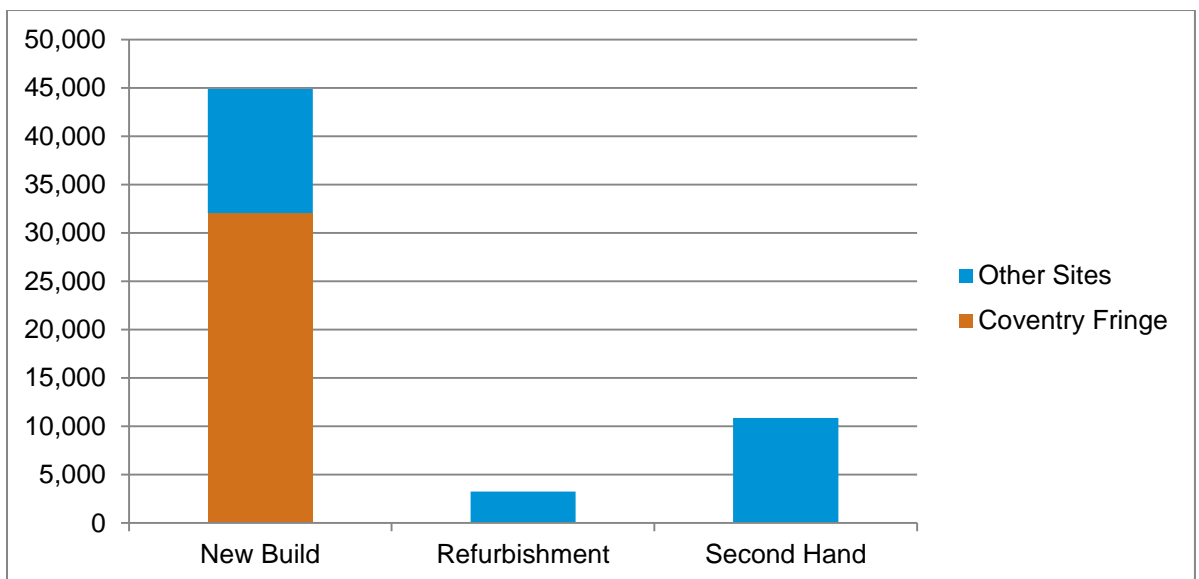
**Figure 24: Office Floorspace Availability, Rugby Borough December 2014**



Source: EGi/ GL Hearn

5.32 Figure 25 profiles availability by type of space and location/ type of site. The office space being marketed is focused towards new-build space (76%) comprising principally the second phase of development at Ansty Park. Refurbished space comprises 8% of available floorspace; and second hand space the remaining 18%. Availability of Grade A space in Rugby is focused at Central Park.

**Figure 25: Office Floorspace Availability in Rugby Borough by Quality, December 2014**



Source: EGi/ GL Hearn

## Industrial Sector Review

- 5.33 In the industrial sector, there is a strong market for logistics/ distribution development within the Midlands, reflecting its central location within the Country and density of links via the national motorway and rail networks.
- 5.34 Rugby Borough in particular benefits from strong connectivity to the motorway network, and is a prime location within the 'Golden Triangle' around the intersections of the M1, M6 and M42 motorways. The Borough sits at the centre of the national motorway and trunk road network providing excellent connectivity to 85% of the UK population, and many of the country's major ports within a 4.5 hour drive time, which is crucial for logistics occupiers due to European legislation restricting HGV drive times. This makes Rugby a very attractive location for logistics occupiers.
- 5.35 Nationally, there is a growing demand for large scale logistics / distribution warehouses. This is, in part, driven by the continuing growth of the on-line retail sector and increasing customer expectations for same- or next-day delivery. Given the accessibility of the location, demand for such uses is particularly strong in Rugby and we expect to see this market continue to grow.
- 5.36 A key finding from the stakeholder workshop is a recognised need for new larger footplate buildings with higher eaves heights to service the strategic distribution market. This is particularly needed to support the expansion of the food and drink and automotive industries and their supporting strategic distribution needs.
- 5.37 Demand from industrial occupiers in the West Midlands is relatively strong; and particularly reflects the current performance of the automotive industry. The major automotive manufacturers (OEMs) are performing well – driven particularly by demand for luxury cars at a global level.
- 5.38 The industry is seeing a trend in "reshoring" which is bringing component manufacturers back to the UK and supporting demand for industrial and warehouse/ distribution space in the region. Furthermore investment in technology and just-in-time processes is making some older premises redundant.
- 5.39 At a national level, JLL statistics for the big box logistics sector<sup>10</sup> indicate aggregate take-up across the UK of 19.5 million sq.ft in 2014 of which 12.8 million sq.ft was of new-build space. The composition of demand by sector for the 1st half of the year was:
- Retailers: 47%
  - Logistics Companies: 21%

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<sup>10</sup> UK Logistics Big Box Key Indicators – Full Year 2014, JLL

- Manufacturers: 23%
- Other: 9%

- 5.40 We would expect a higher proportion of take-up within the West Midlands to relate to manufacturing firms, including the automotive industry.
- 5.41 At a national level, JLL's research points to a current supply of 12 million sq.ft at the end of 2014 – a low level equivalent to just under a years' worth of stock. This represented a vacancy rate of 5%. This is partly a reflection of a lack of development over recent years, related to wider economic conditions. It in effect relates to the current position within the 'market cycle.'
- 5.42 The supply of available space, particularly Grade A / good quality space in prime distribution locations, has gradually eroded. Whilst 'design and build' represents the predominant form of new supply (accounting for 50% of take-up during the 1<sup>st</sup> half of 2014 based on GVA's statistics), the lack of available space together with growing market confidence, has driven a return to speculative development in prime locations in the Midlands and M1 Corridor over the last 18 months. Within the sub-region, this has included speculative development by IM Properties at Birch Coppice in North Warwickshire; and within the Borough by Prologis at Ryton.
- 5.43 IM Properties constructed two units at Birch Coppice in Dawdon in mid-2013 on a speculative basis. Both were let on a 15 year term at £5.75 psf well before practical completion. A further unit has been pre-let to UPS at £6.15 psf.
- 5.44 The return to speculative development is resulting in a growing level of space coming forward. JLL's *UK Logistics Big Box Key Indicators* data indicates a total of 1.6 million sq.ft of speculative space under construction across the UK.
- 5.45 A strong market, with low current stock availability, is resulting in a strong demand for development land. Land values are increasing. This is certainly the case in the Coventry-Warwickshire LEP Area. There is thus a need for additional land/ sites to be brought forward.
- 5.46 In the industrial sector, average rental values started increasing in Spring 2013 and have accelerated – particularly for prime markets such as that in Rugby Borough. Development levels are improving as a result of rising capital values, low (but increasing) tender price inflation, improving availability of finance and a decreasing supply of Grade A space according to GVA<sup>11</sup>. GVA expect rents to continue to grow in the short-term at 2.8-3.0% per annum.
- 5.47 Colliers statistics allow us to track the rental tone in the local (Coventry-focused) market. For large sheds (18,580 sq.m+) prime rents (for new-build space) are some of the highest in the region at

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<sup>11</sup> GVA Economic and Property Market Review, Q3 2014

£5.75 psf. This compares to £5.25 in 2012. For second hand space such as early 1990s accommodation, the rental tone is around £4.25 psf which compares to £3.75 in 2012. For new-build space the rental tone would support land values of £375,000 per acre.

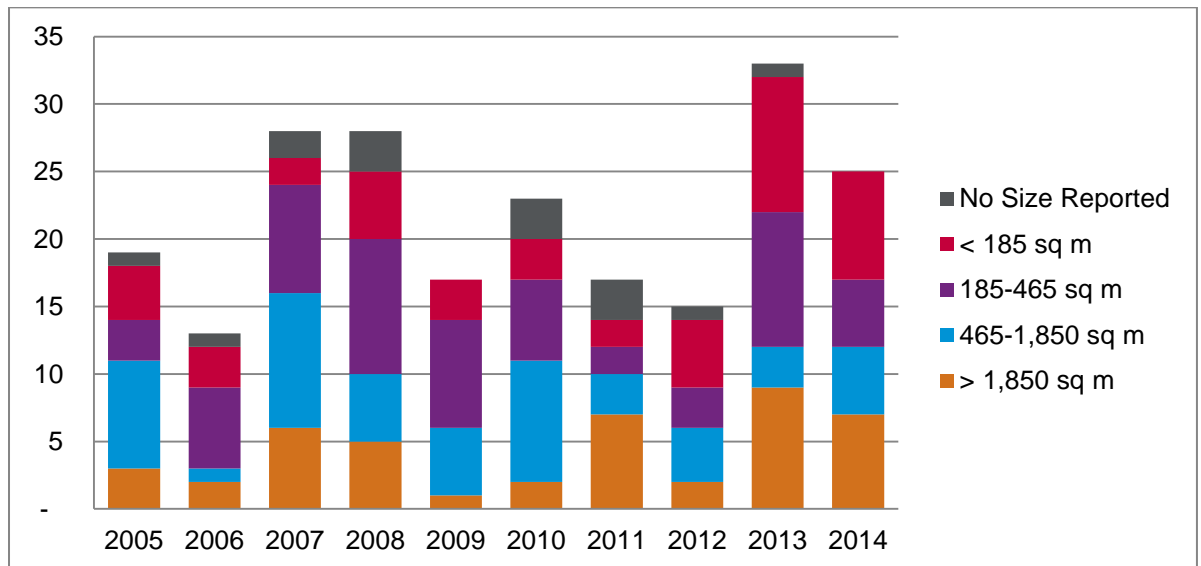
5.48 Quoting rents are higher still. At Rugby Gateway, Roxhill is quoting £6.25 psf for space. We can compare this to rents achieved at Prologis Ryton:

- LG: £5.75 psf
- Freemans: £5.50 psf
- Jaguar Land Rover: £5.95 psf

5.49 Rents for smaller industrial units (10,000 – 30,000 sq.ft) are similar at £5.75 psf for prime space, and £4.25 for second hand units. This is above Northampton and similar to those in parts of Birmingham; and again has risen over the last couple of years.

5.50 Figure 26 below tracks the volume of deals for industrial space recorded in Rugby Borough since 2005. On average 22 deals are recorded per year (including new-build and second hand space). On average 22% are for units of under 185 sq.m; 26% for units of 185-465 sq.m, 30% for those between 465-1,850 sq.m; and 33% for those of over 1,850 sq.m.

**Figure 26: Industrial Deals, Rugby Borough**

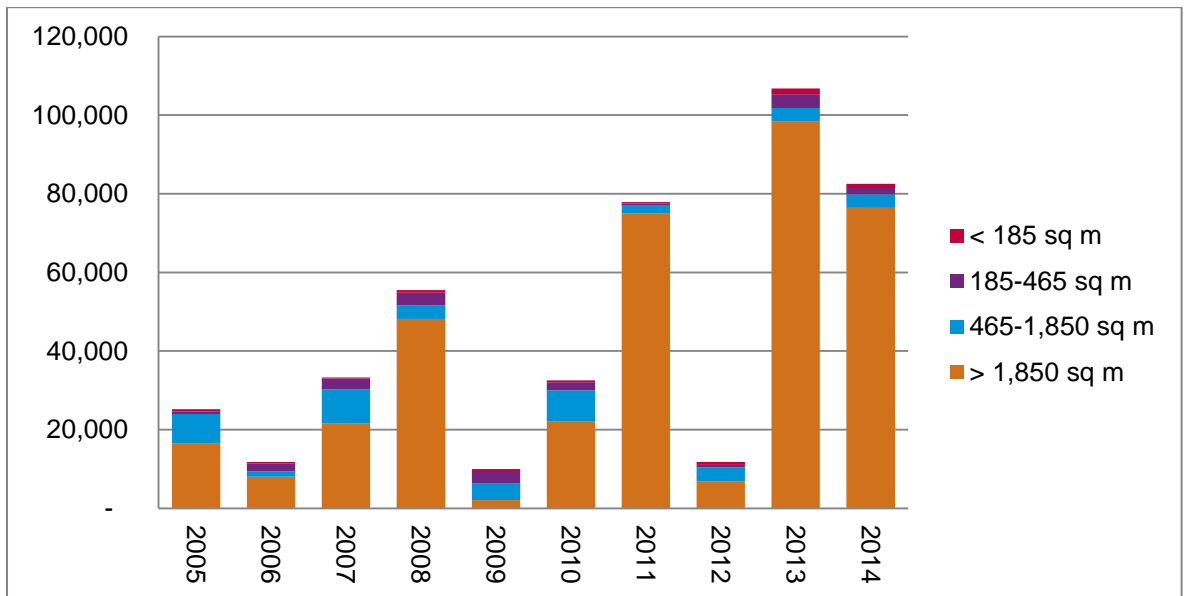


Source: EGi/ GL Hearn

5.51 Figure 27 overleaf quantifies trends in floorspace take-up (again including both new-build and second hand space). Take-up has averaged a significant 74,000 sq.m per annum over the 2005-14 period in Rugby Borough. As Figure 27 demonstrates, take-up has been significantly driven by that of units of over 1850 sq.m. This reflects the demand from large warehouse units of over 9,290 sq.m.

5.52 The very strong take-up recorded in 2013 and 2014 reflected simultaneous delivery of new-build floorspace at Prologis Ryton, Central Park and Swift Valley (and conditions at this point in the market cycle with a lack of new-build availability).

**Figure 27: Industrial Take-Up, Rugby Borough 2005-14**



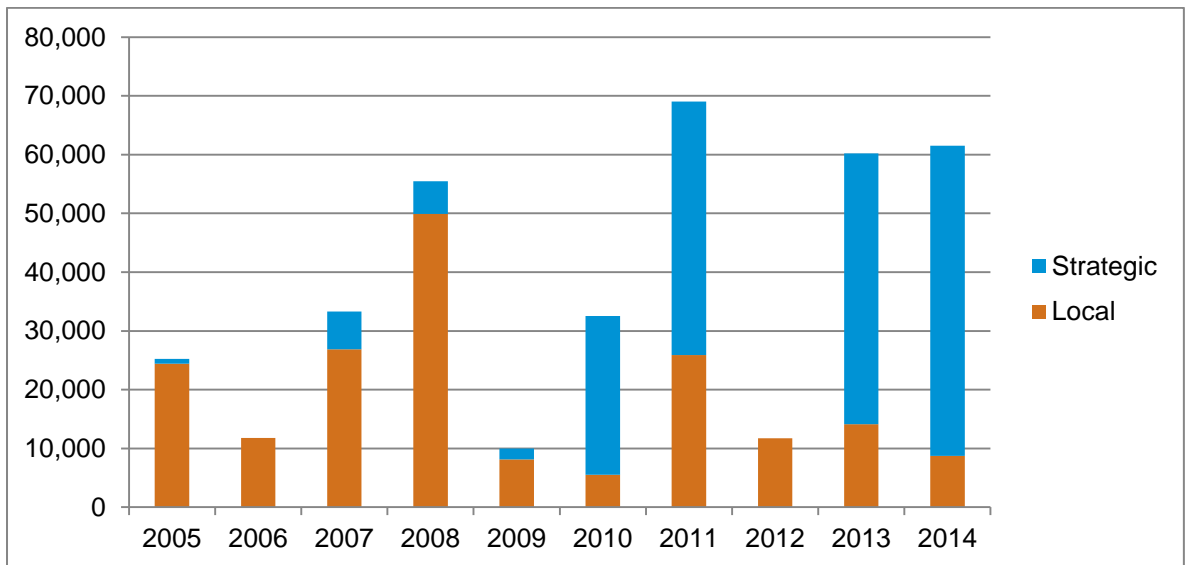
Source: EGi/ GL Hearn

5.53 For analytical purposes, we have sought to split floorspace take-up between sites which are more 'local' and 'strategic' in nature in this section. We defined the strategic sites as comprising:

- Swift Valley;
- Central Park;
- Prologis Ryton;
- Rugby Gateway;
- Ansty Park.

5.54 Other sites are described as 'local.' Figure 28 overleaf demonstrates that 72% of industrial take-up over the last five years has been on these five key sites.

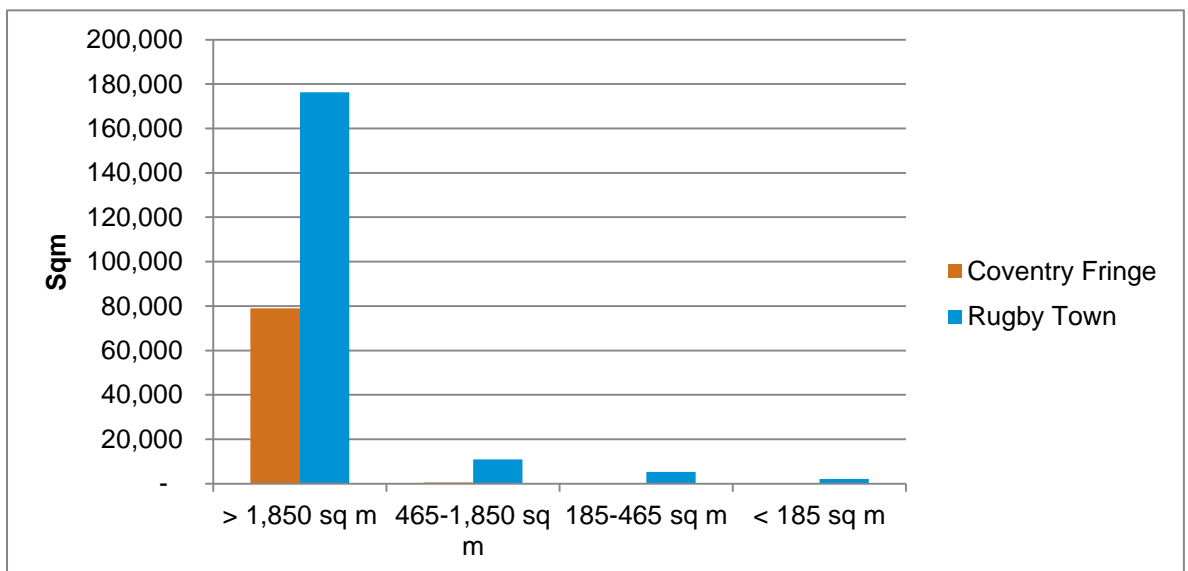
**Figure 28: Industrial Take-Up by Type of Site, Rugby Borough 2005-14**



Source: EGi/ GL Hearn

5.55 As at December 2014, there was 275,000 sq.m of industrial floorspace available and being actively marketed on EGi in Rugby Borough. Figure 29 shows how this splits down by size band. 93% of the available floorspace is in large units of over 1,850 sq.m.

**Figure 29: Available Floorspace in Rugby Borough, December 2014**

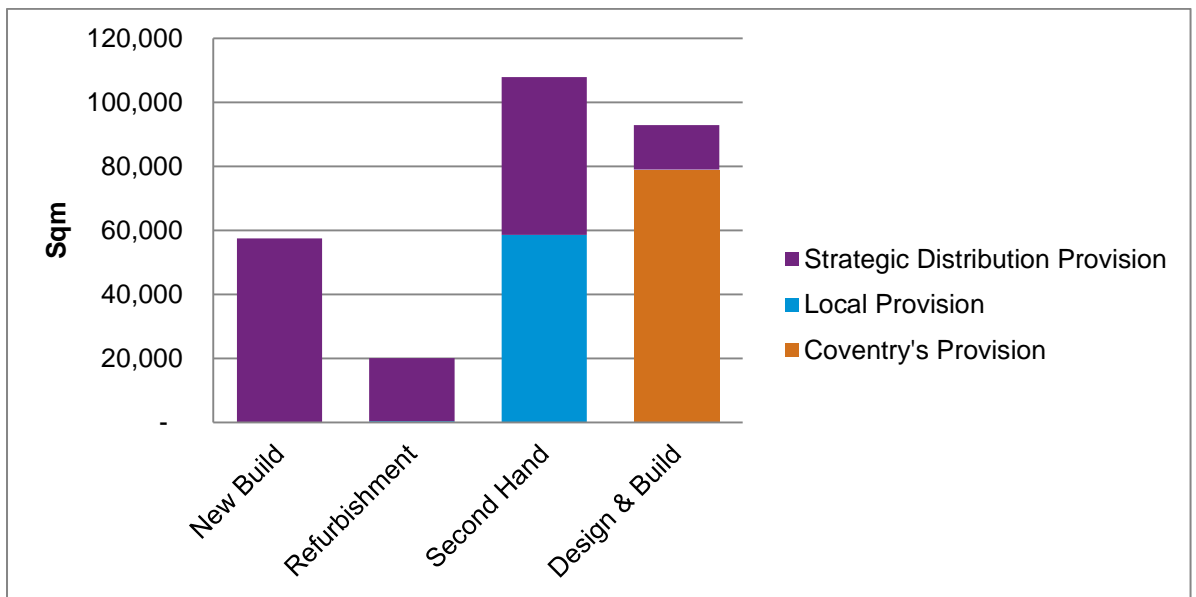


Source: EGi/ GL Hearn

5.56 Of the floorspace in units of over 1,850 sq.m, 31% is in 'Coventry Fringe' locations (including Ansty Park and Prologis Ryton) with 69% in Rugby.

5.57 Figure 30 profiles the quality of floorspace available in December 2014. 93,000 sq.m comprises potential Design and Build space, principally at Ryton. 57,500 sq.m comprises built new-build space on 'strategic' sites as identified above. There is a further 20,000 sq.m of refurbished industrial space. In addition there is 108,000 sq.m of second hand floorspace, both on strategic and more locally-orientated employment sites in the Borough.

**Figure 30: Industrial Floorspace Availability by Quality, Rugby Borough December 2014**



Source: EGi/ GL Hearn

5.58 The total 275,000 sq.m of space available (including design and build opportunities) would comprise less than four years supply based on past take-up over the last five years. The available built stock represents a 2.5 year supply of industrial space.

### Implications

5.59 The market analysis highlights the modest scale of the office market. We would expect new-build office (B1a) development to be focused on the following:

- Small-scale development to meet occupier demand from SMEs in the Town Centre, principally on a freehold basis. This form of development is however really currently not viable;
- Providing better quality floorspace for the limited number of current corporate occupiers in Rugby Town. The potential for inward investment by corporates is limited;
- Provision around the edge of Coventry, where potential rental levels are higher. However viability is currently marginal and many occupiers are now exhibiting a preference for town centre locations. B1a space at other out-of-centre schemes such as Whitley Business Park has not performed well.

5.60 There is a strong market for industrial and warehouse/ logistics space. This reflects the current strong performance of the manufacturing sector in the sub-region, including performance of the

automotive industry and investment by manufacturers, and component / supply chain firms; as well as the attractiveness of the sub-region for logistics/ distribution. Current development activity is particularly strong, but this partly reflects the stage we are at within a market cycle – with limited new-build space brought forward over the last few years.

- 5.61 It is important however to recognise that the ‘market area’ for logistics is sub-regional or even regional in nature, focused particularly on the “Golden Triangle” formed by the M42/ M6/ M69/ M1. This means that whilst a notable level of development has or is coming forward in the Borough, demand could equally be catered for in other areas within the wider sub-region.



## 6 DEMAND FORECASTS

- 6.1 In this section we consider demand for employment land and floorspace over the plan period from 2011-31. The section considers requirements for employment land in the B1, B2 and B8 use classes. The analysis is of 'demand' for employment land and therefore does not take account of any supply-side factors such as existing employment land allocations or commitments – these are considered in Section 6.
- 6.2 When considering the scale of future needs the Planning Practice Guidance (PPG, 2014) requires consideration of quantitative and qualitative need. This entails estimating the scale of future needs broken down by different market segments, such as different B use classes. The PPG recommends the use of a number of different techniques to estimate future employment land requirements, namely assessments based on :
- Labour Demand;
  - Labour Supply; and
  - Past Take-Up.
- 6.3 A labour demand scenario has been developed based on econometric forecasts supplied by Cambridge Econometrics in Winter 2014.
- 6.4 Labour supply scenarios have been developed based on demographic modelling undertaken by GLH. This is based on a 'dwelling-led' scenario modelling the implications on population growth and labour supply of delivery of different levels of homes per annum over the 2011-31 plan period. The three scenarios modelled are for 660 dwellings per annum (dpa), 540 dpa, and 453dpa. Further discussion is found in the 'Labour Supply Scenarios' part of this section at paragraph 5.34 onwards.
- 6.5 Projections of past take-up have been based on Rugby Borough Council data on past completions of B-class employment floorspace/ land.
- 6.6 There are relative benefits of each approach. Econometric forecasts take account of differences in expected economic performance moving forward relative to the past, overall in regard to the sectoral composition of growth. However a detailed model is required to relate net forecasts to use classes and to estimate gross floorspace and land requirements.
- 6.7 In contrast, past take-up is based on actual delivery of employment development; but does not take account of the implications of growth in labour supply associated with housing growth nor any differences in economic performance relative to the past. It is also potentially influenced by past land supply policies.

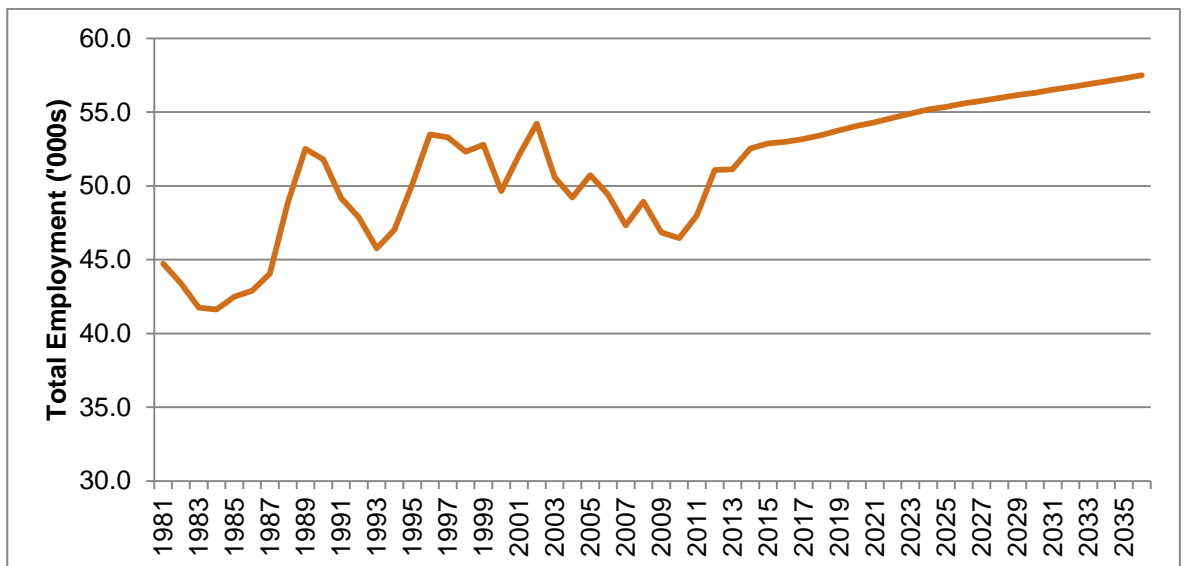
6.8 The quantitative evidence (based on the above three scenarios) is supplemented by the wider analysis of market and economic dynamics.

### Labour Demand Scenario

6.9 The starting point for the employment land requirements is the Cambridge Econometrics (CE) jobs forecasts. These forecast jobs growth broken down across 35 industrial sectors.

6.10 Cambridge Econometrics project total employment (including both B and non-B class uses) growth of 5,400 between 2013-31. This would result in total employment growth of 8,500 between 2011-31 (17.8%). Figure 31 shows the forecast for total employment over the period to 2031 and 2036. This shows a strong growth between 2011 – when the effects of the recession were still being felt – and 2013, as growth returned to the long term trend.

**Figure 31: Forecast Total Employment to 2036**



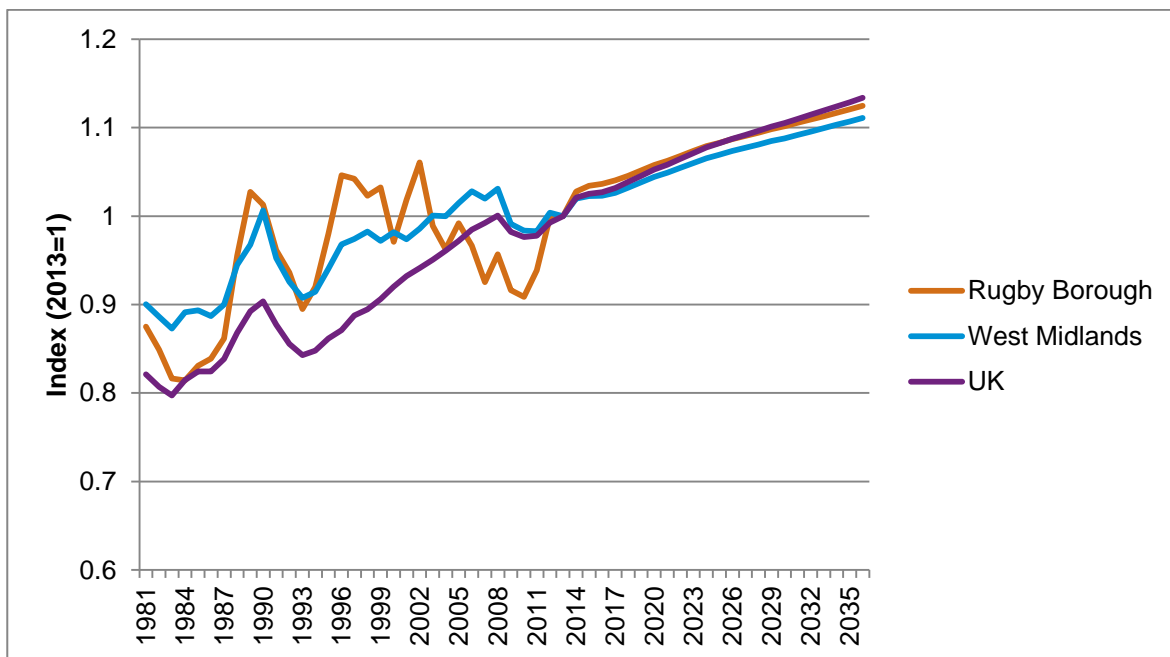
Source: CE/ GL Hearn

6.11 The forecasts assume that ‘historical relationships hold true’ between the performance of sectors within the Borough and West Midlands or UK (for whichever the relationship is stronger). They do not take account of land supply of policy intervention in so far as the impact of this may differ from that in the past.

6.12 We have undertaken a benchmarking exercise, comparing performance of the Borough’s economy in respect of total employment with that at a regional and national level.

6.13 Employment in Rugby Borough is forecast to grow more strongly in the short-term than either is the case regionally or nationally; but over the longer-term whilst it is expected to continue to out-perform the region, growth in employment is expected to be more modest than seen nationally.

**Figure 32: Benchmarking CE Forecasts**



Source: GLH Analysis of CE Data

- 6.14 Table 12 below shows the same data, expressing annual growth rates in total employment. It shows that whilst the Borough’s economy has performed well over the past five years, total employment contracted notably over the previous five years and saw more modest growth than that regionally/nationally between 1988-2002. This helps to set the forecast moving forwards in context.
- 6.15 In the short-term, employment growth is expected to match national growth rates, and out-perform the West Midlands. Over the longer-term growth in employment is expected to be similar to that forecast for the region.

**Table 12: CE Forecasts – Annual Growth Rates**

CAGR	1998-02	2003-7	2008-12	2013-17	2018-22	2023-27
<b>Rugby</b>	0.4%	-2.6%	1.6%	0.8%	0.5%	0.4%
<b>West Midlands</b>	0.2%	0.7%	-0.3%	0.5%	0.5%	0.4%
<b>UK</b>	1.2%	1.1%	0.0%	0.8%	0.6%	0.5%

Source: GLH Analysis of CE Data

- 6.16 GLH has converted forecasts for total employment by sector into forecasts for Full-Time Equivalent (FTE) employment by sector through analysis of the proportion of full- and part-time jobs in Rugby Borough on a sector by sector basis. Table 13 overleaf shows the FTE percentage for each sector derived from the number of full time and part time jobs in each sector. Accounting for FTE jobs the CE model thus forecasts a net increase of 7,100 FTE jobs in the Borough over the period 2011 to 2031.

**Table 13: Percentage of FTE jobs per sector, Rugby Borough**

<b>Sector</b>	<b>FTE %</b>	<b>Sector</b>	<b>FTE %</b>
<b>Agriculture, Forestry, Fishing, Mining, Quarrying</b>	89%	<b>Accommodation</b>	73%
<b>Food, Drink &amp; Tobacco</b>	97%	<b>Food &amp; beverage services</b>	70%
<b>Non-metallic mineral products</b>	99%	<b>Media</b>	94%
<b>Metals &amp; metal products</b>	97%	<b>IT services</b>	94%
<b>Electronics</b>	94%	<b>Financial &amp; insurance</b>	88%
<b>Electrical equipment</b>	98%	<b>Real estate</b>	85%
<b>Machinery</b>	97%	<b>Legal &amp; accounting</b>	85%
<b>Motor vehicles</b>	98%	<b>Head offices &amp; management consultancies</b>	90%
<b>Other transport equipment</b>	95%	<b>Architectural &amp; engineering services</b>	98%
<b>Other Manufacturing</b>	93%	<b>Other professional services</b>	87%
<b>Utilities</b>	95%	<b>Business support services</b>	82%
<b>Construction</b>	97%	<b>Public Administration &amp; Defence</b>	89%
<b>Motor vehicles trade</b>	91%	<b>Education</b>	69%
<b>Wholesale trade</b>	96%	<b>Health</b>	76%
<b>Retail trade</b>	71%	<b>Residential &amp; social</b>	77%
<b>Land transport</b>	92%	<b>Arts, Recreation Services</b>	68%
<b>Water &amp; Air Transport</b>	67%	<b>Other Services</b>	85%
<b>Warehousing &amp; postal</b>	94%		

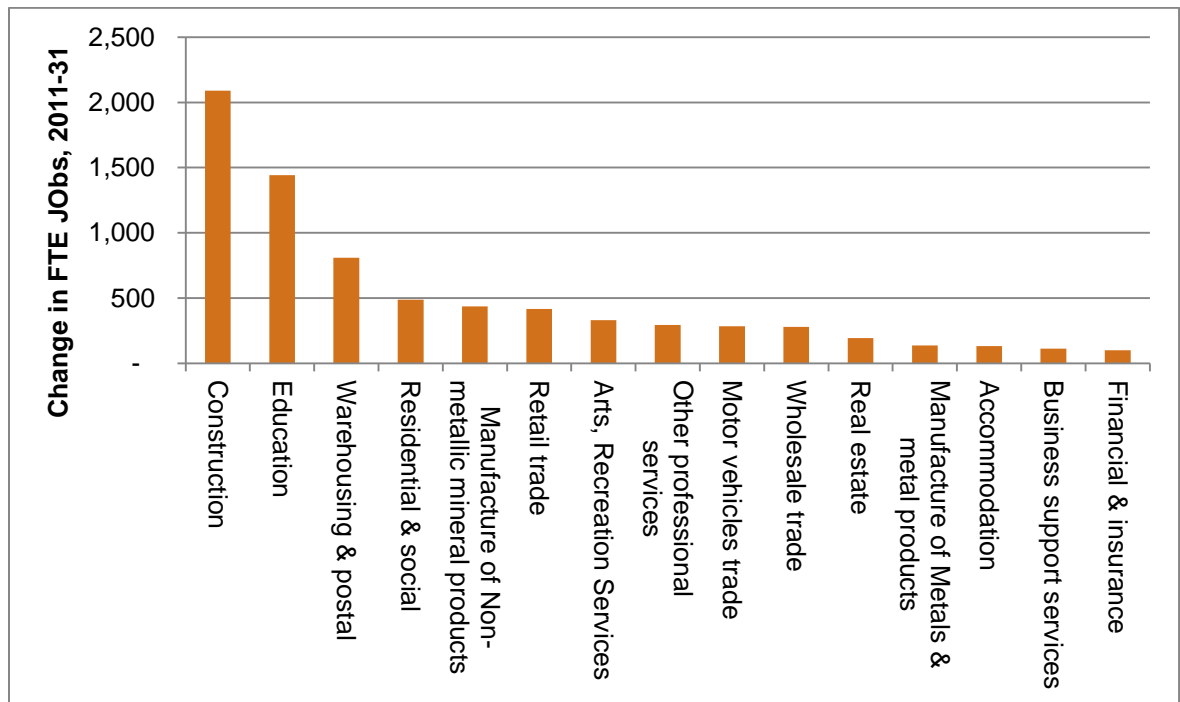
Source: GLH analysis of BRES data

6.17 Looking at these job forecasts in more detail we can see that there is expected to be considerable growth in the following:

- Construction – 2,100 FTE jobs;
- Education – 1,400 FTE jobs;
- Warehousing and Postal – 800 FTE jobs;
- Residential and Social Care – 500 FTE jobs;
- Manufacture of Non-Metallic Mineral Products – 400 FTE jobs.

6.18 Over the 20 year period the manufacturing sector is expected to post modest growth in full-time equivalent employment. Whilst the strongest growth is expected in non-metallic mineral products; there are a number of other sub-sectors which are expected to post net employment growth over the twenty years, including metals and metal products, electronics, electrical equipment, and motor vehicles.

**Figure 33: Forecast Net FTE Jobs Growth in Rugby Borough (2011 – 2031)**



Source: Cambridge Econometrics

6.19 Conversely there is expected to be notable losses (in FTE jobs) in the following sectors:

- Manufacture of Machinery – 300 FTE job losses;
- IT Services – 200 FTE job losses;
- Public Administration and Defence – 150 FTE job losses.

6.20 The CE forecasts seem to broadly support the earlier analysis regarding sector growth potential. GL Hearn considers that growth in employment in B8 warehousing sectors could potentially be stronger than shown, taking account of pipeline developments.

### Translating Sectors to Use Classes

6.21 GLH has considered the proportion of employment in each of these sectors which is likely to take place in office or R&D floorspace (Use Classes B1a and B1b), light industrial floorspace (Use Classes B1c), general industrial floorspace (Use Class B2), and warehouse / distribution floorspace (Use Class B8). We have calibrated our standard model which relates sectors and use classes for the Rugby Borough economy through interrogation of the composition of employment in key sectors at 4-digit SIC level. This is used to derive the following forecasts of net growth in FTE employment by use class over the plan period:

**Table 14: Forecast FTE Job Growth by B-Class Sector, 2011-31**

Use Class	2011-16	2016-21	2021-26	2026-31	2011-31 Total
B1a/b	309	341	241	185	1,077
B1c	262	-60	-76	-90	35
B2	651	322	233	121	1,327
B8	2,471	577	674	568	4,290
Total B Class	3,693	1,181	1,071	784	6,729

Source: GLH

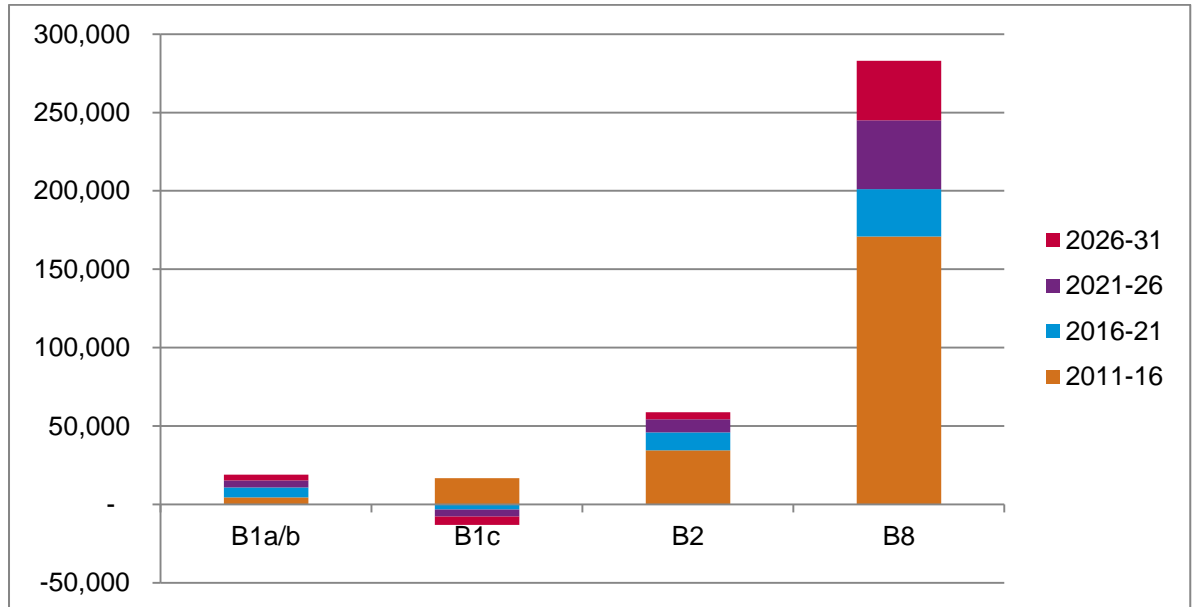
6.22 To these figures we have applied standard employment densities taking account of the *HCA Employment Densities Guide: 2<sup>nd</sup> Edition* (Drivers Jonas Deloitte, 2010). We have converted figures to provide employment densities for gross external floor areas on the following basis:

- Office (B1a and B1b): an average of 14 sq.m GEA per employee based on a blend between business park, serviced office and general office floorspace and assuming that the gross external area of buildings is on average 20% higher than the net internal area;
- Light Industrial (B1c): an average of 49 sq.m GEA per employee, assuming that the gross external area of buildings is on average 5% higher than the net internal area;
- General Industrial (B2): an average of 38 sq.m GEA per employee, assuming that the gross external area of buildings is on average 5% higher than the gross internal area;
- Warehouse/ Distribution (B8): an average of 80 sq.m GEA per employee. This is slightly above the middle of the range of employment densities for B8 activities, reflecting the high proportion of large scale and high bay warehousing in the borough.

6.23 Applying these employment densities to the forecasts of net growth in jobs in B-class activities, we can derive forecasts for net changes in employment floorspace. This forecasts a net requirement for an additional 364,500 sq.m of floorspace in B-class uses over the 2011-31 plan period. This comprises:

- A net requirement for an additional 18,900 sq.m of office and R&D (B1a and B1b) floorspace;
- A net requirement for an additional 3,700 sq.m of light industrial (B1c) floorspace;
- A net requirement for an additional 58,800 sq.m of general industrial (B2) floorspace; and
- A net requirement for an additional 283,000 sq.m of warehouse / distribution (B8) floorspace.

**Figure 34: Forecasts of Net Changes in Employment Floorspace by Use Class in Rugby Borough, 2011-31**



Source: GL Hearn

6.24 These are net changes and do not take account of replacement demand, such as from existing companies requiring upgraded floorspace.

6.25 To calculate the land requirements to support these net changes, we have applied the following plot ratios:

- 0.3 for B1a/b office and R&D uses;
- 0.4 for B1c and B2 industrial uses; and
- 0.5 for B8 warehouse / distribution floorspace.

6.26 This generates the following requirement for net additional land to support the Cambridge Econometrics employment growth forecasts:

**Table 15: Forecast Net Land Requirements to Support Net Forecast Employment Growth**

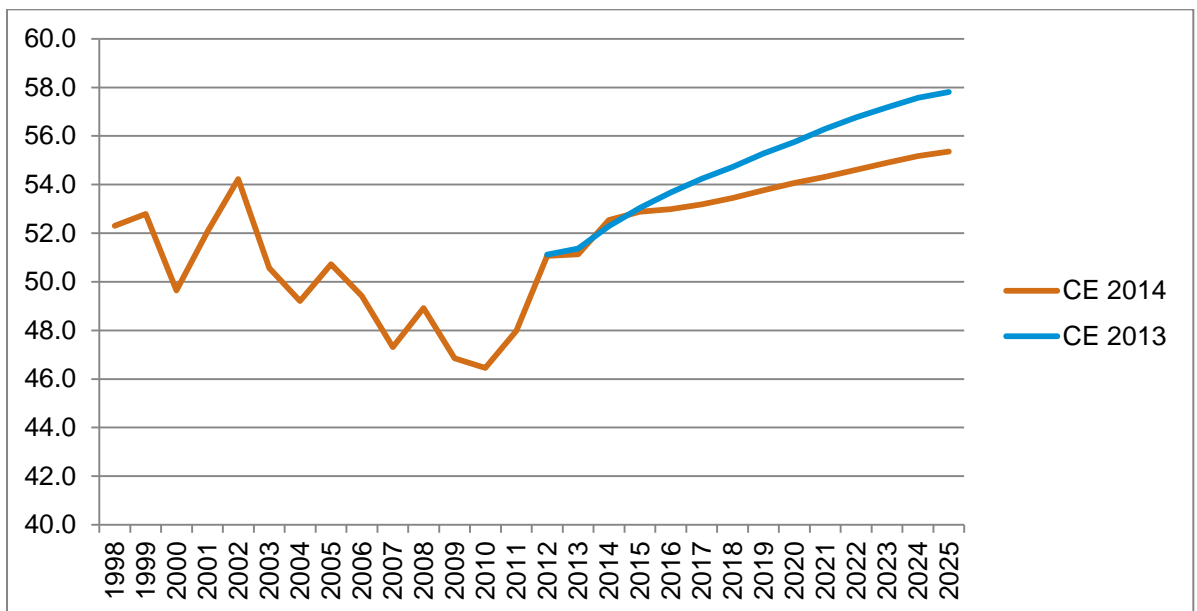
Net Land Requirement (Hectares) – Rugby Borough 2011-31	
<b>B1a/b: Office &amp; R&amp;D</b>	6
<b>B1c Light Industrial</b>	1
<b>B2 General Industrial</b>	15
<b>B8: Warehouse/ Distribution</b>	57
<b>Total B-Class Uses</b>	79

Source: GL Hearn

6.27 The requirement for 79 hectares of employment land derived from the modelling is higher than that identified in the Atkins Coventry & Warwickshire Strategic Employment Land Study (34 ha). This reflects a number of factors:

- Forecast Employment Growth – overall employment growth forecast by CE in 2014 is lower, as the chart below shows; however it is more strongly concentrated in B-class uses. Over the 2011-31 period, GL Hearn estimate growth in FTE B-class jobs of 6,700 compared to forecasts of 4,000 in the Atkins Report over a similar period. This has the most significant impact;
- Employment Densities – GL Hearn use modestly higher employment densities, principally as we convert the densities in the HCA Guidance to appropriate figures for Gross External floorspace (GEA). We adopt a slightly lower density of employment for B8 floorspace consistent with an expected focus of development on larger warehousing units;
- Plot Ratios – GL Hearn use a higher plot ratio for office floorspace, on the assumption that it is likely that offices would more likely be developed at business park densities, taking account of the demand profile and viability considerations.

**Figure 35: Comparison of CE 2013 and 2014 Forecasts for Rugby Borough, Total Employment**



Source: CE/ GLH

6.28 To provide an indication of the potential gross need for employment land in this scenario, it may be appropriate to consider potential losses of employment floorspace; and provide some margin within the supply of land to provide a choice of sites.

6.29 Losses have averaged 1.3 hectares of land per annum over the last five years (2009-14). If this is projected forward over 20 years it would equate to an additional 26 hectares of land. However it is unlikely that all land lost would result in a need for additional land for business relocations. This issue can be considered further in assessing the land supply.



- 6.30 In identifying how much land to allocate for development, we however consider that it would be prudent to include a 'margin' to provide for some flexibility, recognising:
- The potential error margin associated with the forecasting process;
  - To provide a choice of sites to facilitate competition in the property market;
  - To provide flexibility to allow for any delays in individual sites coming forward.
- 6.31 We consider that it would be appropriate to make provision for a 5-year 'margin' based on past employment land take-up. We consider that it would be appropriate to use long-term trends to calculate this, given that recent take-up has been influenced by a lack of supply in some competing markets. Over the last ten years (2003-13) completions have averaged 4 hectares per annum. This equates to a 20 hectare margin over the 2011-31 period.
- 6.32 Overall this scenario would thus result in provision of 99 hectares of employment land to meet the Borough's own development needs. There are however two relevant issues to consider:
1. Cross-boundary Issues – this forecast is based principally on meeting employment needs of the Borough, based on past trends. It does not take account of any shortfall in provision in adjoining areas (most likely in Coventry) which might result in a need for provision of supply in Rugby Borough in areas close to / adjoining Coventry.
  2. Sub-Regional Nature of the Distribution Market – the forecast for overall employment land provision is significantly influenced by the need for B8 provision for logistics/ distribution. This operates across a sub-regional or regional market area, and thus supply in adjoining areas or other parts of the sub-region could influence demand and the case for provision in Rugby. Figures should thus be treated with a degree of caution.
- 6.33 As set out in Section 4, 72% of take-up of industrial floorspace (gross) in the Borough since 2005 has been on key sites of strategic significance at the sub-regional level. Two thirds of take-up has been in larger units of over 10,000 sq.m. It is this which we would consider relates to the sub-regional component of the market.

### Labour Supply Scenarios

- 6.34 The Labour Supply Scenarios consider how the labour force in the Borough might grow and the implications of this for employment land provision.
- 6.35 Here we consider three labour supply scenarios. The first scenario is based on Rugby Borough Council's indication that it is currently investigating provision of an annual average of 660 dwellings per annum over the 2011-31 plan period. The second is based on the 540 dwellings per annum target in the current Core Strategy. The third scenario is based on the 453 dwellings per annum

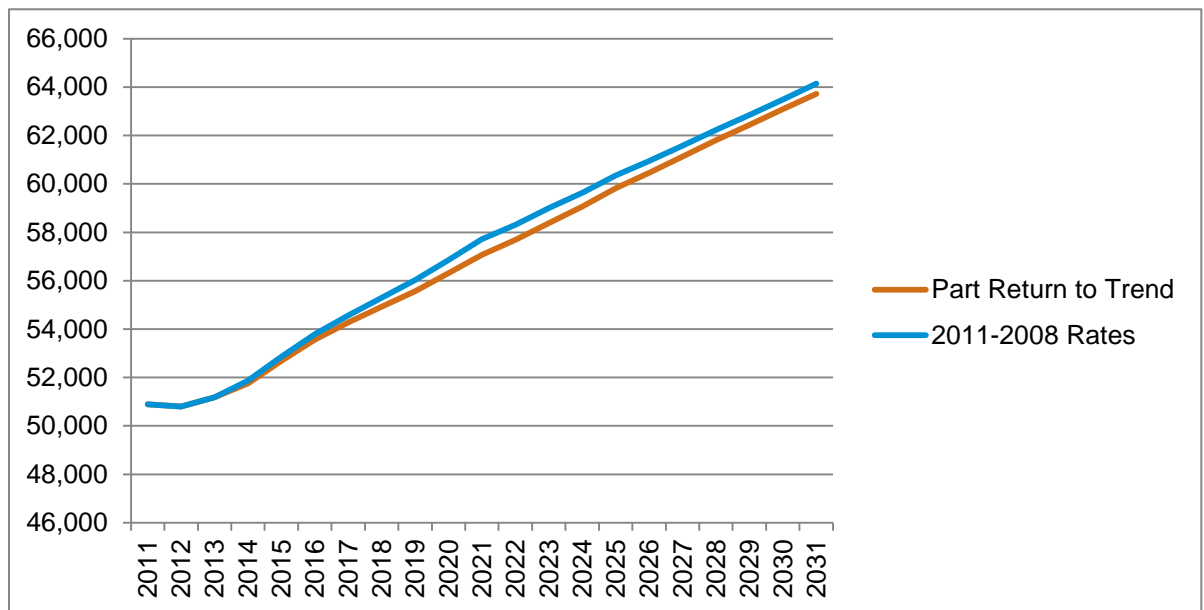
scenario which is the objectively assessed housing need figure for Rugby Borough identified in the 2014 SHMA Annex.

6.36 GL Hearn has modelled the implications of these levels of housing growth on labour supply, taking account of demographic trends and completions over the period between 2011/12 – 2013/14.

**Scenario 1 – 660 dwellings per annum**

6.37 Figure 35 outlines the resident labour force in the Borough is expected to change over the plan period to 2031 under the 660dpa scenario. This has been modelled using consistent assumptions to the Joint SHMA Addendum Report (GL Hearn, Sept 2014) and thus two headship rate scenarios are shown.

**Figure 36: Modelled Growth in Resident Labour Force in Rugby Borough, 2011-31 – based on 660 dpa**

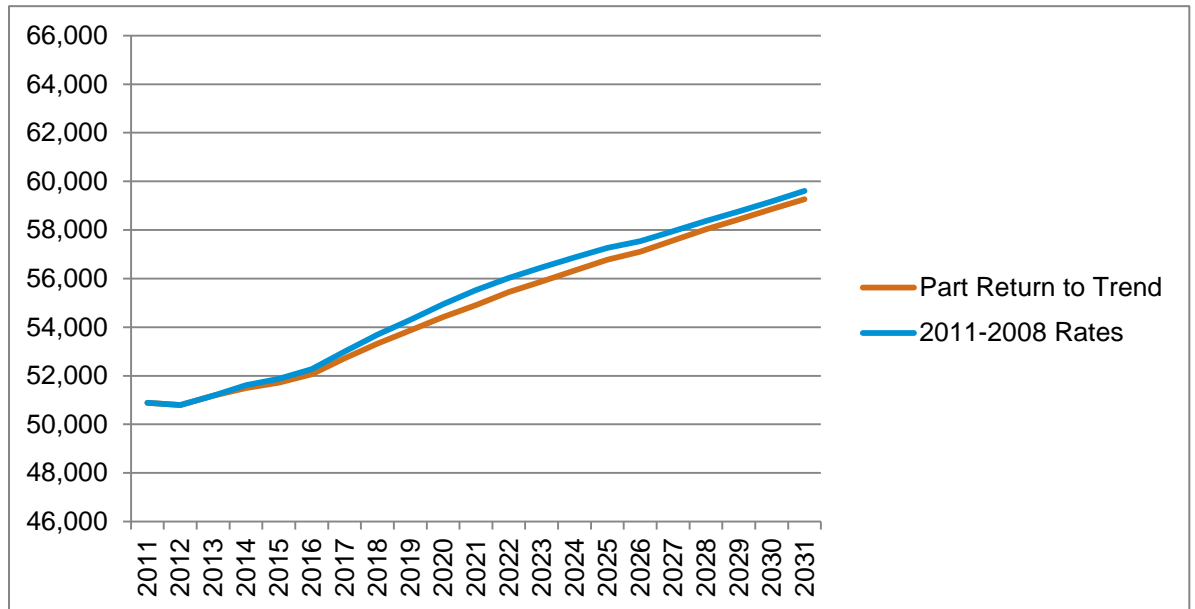


6.38 This indicates that the labour force can be expected to grow by between 12,800 – 13,300 persons over the plan period (25-26% growth).

**Scenario 2 – 540 dwellings per annum**

6.39 Figure 37 below outlines the resident labour force growth under the 540dpa scenario. This indicates that the labour force can be expected to grow by between 8,400 – 8,700 persons over the plan period (16.5-17.1% growth).

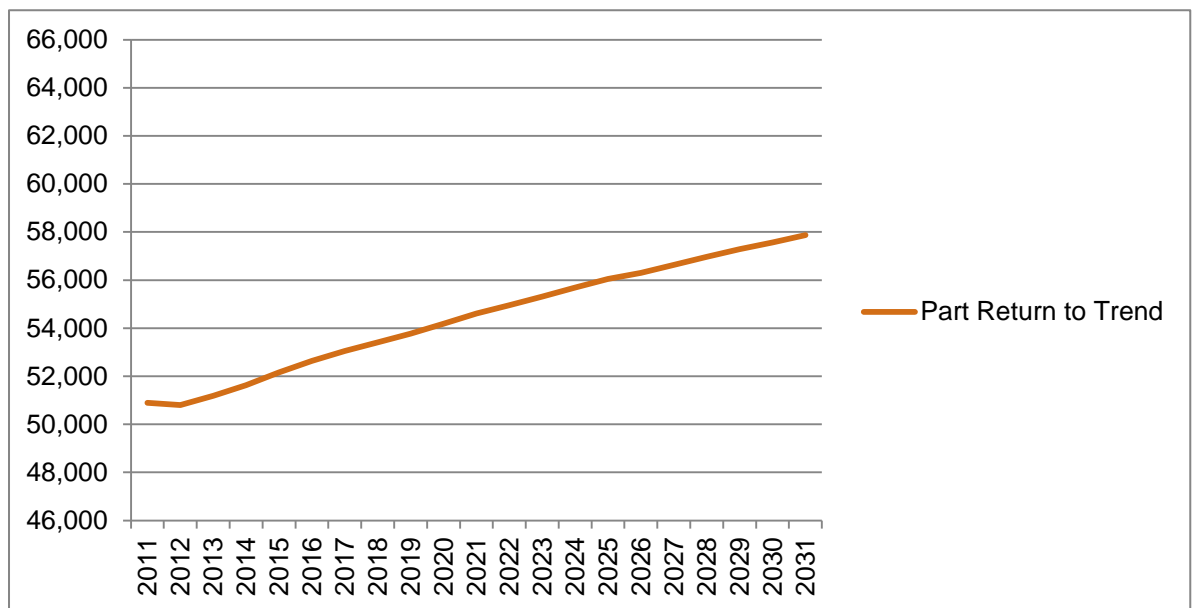
**Figure 37: Modelled Growth in Resident Labour Force in Rugby Borough, 2011-31 – based on 540 dpa**



**Scenario 3 – 453 dwellings per annum**

6.40 Figure 38 outlines the resident labour force growth under the 453dpa scenario. This indicates that the labour force can be expected to grow by 7,000 persons over the plan period (13.7% growth).

**Figure 38: Modelled Growth in Resident Labour Force in Rugby Borough, 2011-31 – based on 453 dpa**



6.41 These labour supply scenarios forecast a jobs growth in the labour force of between 7,000 and 13,300 over the plan period 2011-31. The 8,500 workplace-based jobs forecast in the Cambridge

Econometrics forecasts sits toward the lower end of this range. However we consider that there are a number of additional factors relevant in considering the interaction between employment and labour supply:

- Commuting – there is a degree of net out-commuting from the Borough and thus using standard modelling assumptions growth in labour supply should be expected to be modestly above that in jobs. The modelling is also sensitive to assumptions about changes in employment rates;
- DIRFT3 – the CE modelling doesn't take account specifically of employment growth at DIRFT3. It would be reasonable to expect a proportion of the workforce to be drawn from Rugby, given its location.

6.42 It will be important that the Council considers the alignment of economic growth assumptions and employment land provision, with levels of housing provision, in drawing together the evidence base to inform its Local Plan. The above factors including potential commuting interactions (such as with DIRFT, Magna Park and Coventry) are relevant in drawing conclusions regarding alignment.

### Comparison with Strategic Market Housing Assessments

6.43 The Coventry and Warwickshire Strategic Housing Market Assessment (SHMA) was published in November 2013. In forecasting future housing need, the SHMA considered the level of housing needed to meet economic growth the HMA. The economic scenario considered draws principally on forecasts from Experian's Regional Planning Service, dated May 2013. The Experian forecasts were used as they provide a consistent set of figures for all of the authorities in the Housing Market Area. This forecasts a growth of 6,500 new jobs in Rugby Borough over the 2011-31 period.

6.44 An update to the November 2013 SHMA – The SHMA Annex – was published in September 2014. In forecasting housing needs to meet economic growth the report considered two sets of forecasts for future employment growth:

- The Experian Forecasts considered in the November 2013 Joint SHMA Report; and
- Forecasts from Cambridge Econometrics, supplied by Warwickshire County Council, dated August 2013. These forecasts have informed the Local Enterprise Partnership's work in developing the Strategic Economic Plan, and the Coventry and Warwickshire Joint Employment Land Review (Atkins, 2014).

6.45 The forecast growth of 6,500 new jobs of the Experian forecasts result in a modelled need for 437 - 452 homes per annum in Rugby Borough from 2011 to 2031. Cambridge Econometrics forecasts a jobs growth of 10,900 new jobs in Rugby Borough over the 2011-31 period. This translates to a housing need for 571 – 575 new homes per annum in Rugby Borough from 2011 to 2031. GL Hearn has however raised some questions regarding the robustness of these forecasts, particularly in respect of employment growth between 2011-13.

6.46 Across the Coventry and Warwickshire LEP, the Cambridge Econometrics 2013 forecasts indicated employment growth of 24,200 between 2011-13. This compared with growth of 11,900 using figures

from the Experian model. ONS has since published estimates of changes in employment over this period (as part of its Jobs Density dataset), showing growth of employment of 7,000 across the LEP area – notably below that expected in the Cambridge Econometrics dataset, taking account of more recent data releases. For Rugby Borough the difference is less substantial, with the Experian data suggesting employment growth of 2,300; and 4,000 in the Cambridge Econometrics 2013 forecasts. The more recent Cambridge Econometrics 2014 forecasts used herein have since revised this downwards and show employment growth of 3,100 over this period – this is consistent with the change recorded in ONS total jobs estimates. The 2014 Cambridge Econometrics forecasts look to be more realistic in this respect.

### Past Completions

- 6.47 Next we consider an alternative forecast approach, based on projecting forward past gross completions of employment floorspace in the Borough.
- 6.48 Rugby Borough Council has provided GLH with monitoring data indicating employment floorspace completions over the five year period from 2009-2014. This is shown in Table 16 below.

**Table 16: Employment Land Completions, 2009-2014**

Site	Area (ha)	Area Served
Central Park	13	Rugby Borough
Valley Drive	1	Rugby Borough
Somers Road	1	Rugby Borough
Valley Park	0.7	Rugby Borough
Central Park Zone B	1.5	Rugby Borough
Central Park Zone C	2.4	Rugby Borough
Former Peugeot Site, Ryton	29.1	Coventry City
Ansty Park	17.1	Coventry City
<b>Total</b>	<b>65.8</b>	

Source: Rugby Borough Council

- 6.49 Over this period there has been an average of 13.2 hectares (gross) of employment land delivered per annum. However, a large quantum of this has been delivered on the Coventry fringe and meets the needs of the Coventry rather than the Rugby market. We have therefore excluded these sites from the calculations. Considering only the completions for the Rugby local market gives an average of 3.9 hectares (gross) of employment land delivered per annum meeting Rugby's need.
- 6.50 This completions rate is in line with the annual average of 4 ha per year for the period 2003 to 2013 reported in the Coventry & Warwickshire Strategic Employment Land Study (Atkins, October 2014). This report projected an employment land requirement for Rugby for the period 2011 to 2031 of 76 ha.

- 6.51 We have also considered longer term completions trends, which have been stronger. The West Midlands Regional Spatial Strategy Employment Land Provision Background Paper (Revised Version, March 2009) reports five and ten year average completion rates respectively:
- Five year average (1999-2004): 7.9 hectares per annum
  - Ten year average (1995-2004): 6.4 hectares per annum
- 6.52 Losses data provided by Rugby Borough Council for the 2009-2014 period shows that on average 1.3 ha of employment land is lost per annum to alternative uses.
- 6.53 We would recommend that an appropriate level of flexibility be 'built in' to the employment land target to avoid constraining the market unduly. Because of this, and with the long term completions trends in mind, we would recommend that it is appropriate to plan for the delivery of 6-8 hectares of employment land per annum to meet Rugby's need.

#### How much land to plan for?

- 6.54 We consider that there are a number of factors which are relevant in considering how much land to allocate for development:
- The level of housing provision proposed in the plan. This is expected to support growth in the labour force of up to 13,000 persons (based on delivery of 660 dwellings per annum). Various scenarios are set out which explore this relationship. This assumes that employment rates will increase, including through people working longer;
  - The need for some flexibility in land supply to ensure that the District captures economic investment and to facilitate the growth of the indigenous business base;
  - Dynamics in surrounding areas, with some evidence that land supply within Coventry in particular is relatively 'tight' relative to trends in past levels of development (although recognising that these have been vary variable);
  - Potential losses of current employment land through redevelopment, either through a plan-led approach or through windfall development proposals for changes of use or redevelopment of employment sites/ premises.
- 6.55 At this stage we would therefore recommend that the Council targets provision of between 6-8 hectares of land per annum to meet needs of Rugby Town (as opposed to those of Coventry or Regional Logistics Site provision). These rates of development are modestly above those achieved over the last five and ten years, but are more consistent with rates achieved over the longer-term.
- 6.56 At the point of the assessment in early 2015, this would equate to identifying provision of between 96-128 hectares of land suitable for employment development over the period to 2031.
- 6.57 This identified need excluded provision of employment land at DIRFT which is considered to meet a regional scale need for rail-linked logistics development land. The need for further RLS provision should be considered jointly with other authorities at a regional level.

6.58 This identified need also excluded employment land provision which is focused on meeting the needs of Coventry. We consider that Ansty Park and Prologis Ryton fall within this category. The Council will need to work with Coventry City Council (and other sub-regional partners) to consider what provision is needed to meet any shortfall (quantitative or qualitative) in employment provision within Coventry.

## 7 LAND SUPPLY

7.1 This section of the report provides a review of the supply of employment land within Rugby Borough. It does not represent a full assessment of all employment land within the Borough, but focuses on the larger employment sites or those of strategic significance. The sites assessed include:

- Current allocations;
- Existing employment sites identified in Local Plan;
- Commitments (sites with planning consent for employment development); and
- Potential new sites identified through desktop research or put forward in response to a 'call for sites'.

### Site Assessment Methodology

7.2 Site surveys were undertaken by GL Hearn in December 2014 using a site assessment pro-forma which draws on best practice guidance<sup>12</sup> and the PPG. The site assessments addressed:

- The nature and intensity of use of the employment site;
- Road access, including access by HGVs and servicing of existing businesses;
- Access to local services/ amenities for employees;
- Physical constraints to the development and use of this site;
- Nature of any bad neighbour or adjacency issues;
- The age and quality of existing buildings;
- Public transport accessibility and adequacy of parking provision.

7.3 A general description of each employment site was prepared. The site survey included specific consideration of the quality of sites and floorspace and their future suitability to meet market demand.

7.4 We have reviewed the development potential of sites, the potential for intensification of use and potential for extension of existing sites. Vacant land on existing sites has been recorded. Where development opportunities were identified, information was collected regarding the potential availability of land for development, market attractiveness of the site, and any known constraints (including infrastructure) which might impact upon the deliverability of development.

7.5 The assessments come with the caveat that neither a detailed investigation of landownership and lease structures nor detailed development appraisals to assess viability at a site-specific level (in the absence of a development scheme) have been undertaken to inform conclusions on developability. GL Hearn advises that the Council liaise with landowners and developers to consider these issues in detail to inform any site allocations in the forthcoming Borough Plan.

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<sup>12</sup> South East of England Partnership Board (2010) Economic and Employment Land Assessments Guidance



- 7.6 The findings of the site assessments and conclusions drawn have been reviewed with input from D&P Holt.

### Sites Considered

- 7.7 The list below outlines the sites which have been assessed through this Employment Land Review. These sites were visited on the 4th and 10th of December 2014.

**Table 17: List of Employment and Potential Employment Sites Reviewed**

Site	Location	Nature of Site	Site Area (ha)
<b>Ansty Business Park</b>	Ansty	Allocation	41.3
<b>Former Cattlemarket</b>	Rugby	Allocation	1.0
<b>Malpass Farm</b>	Rugby	Allocation	10.0
<b>Rugby Gateway</b>	Coton	Allocation	36.0
<b>Rugby Radio Station</b>	Rugby	Allocation	29.0
<b>Butlers Leap</b>	Rugby	Allocation - Strategic Sites	16.4
<b>Central Park</b>	Coton	Allocation - Strategic Sites	56.1
<b>Dunchurch Trading Estate</b>	Rural	Allocation - Strategic Sites	3.8
<b>Glebe Farm</b>	Rugby	Allocation - Strategic Sites	21.7
<b>Lawford Heath Industrial Estate</b>	Rural	Allocation - Strategic Sites	8.6
<b>Midland Trading Estate</b>	Rugby	Allocation - Strategic Sites	5.3
<b>Prologis Ryton</b>	Ryton	Allocation - Strategic Sites	56.0
<b>Rolls Royce</b>	Ansty	Allocation - Strategic Sites	56.2
<b>Rugby Cement Works</b>	Rugby	Allocation - Strategic Sites	18.8
<b>Shilton Industrial Estate</b>	Shilton	Allocation - Strategic Sites	4.4
<b>Somers Road</b>	Rugby	Allocation - Strategic Sites	19.1
<b>Swift Park</b>	Rugby	Allocation - Strategic Sites	15.1
<b>Swift Valley</b>	Rugby	Allocation - Strategic Sites	44.0
<b>Valley Park</b>	Rugby	Allocation - Strategic Sites	23.7
<b>Paynes Lane</b>	Rugby	Allocation - Strategic Sites and Allocation (Extension)	9.6
<b>Europark and Extension</b>	Rural	Allocation - Strategic Sites and Call for Sites	12.7
<b>Alba Site</b>	Rugby	Call for Sites	5.0
<b>Land South of Cawston Spinney</b>	Rural	Call for Sites	27.9
<b>Hillfields Farm</b>	Ansty	Call for Sites	5.9
<b>Newbold Treatment Works</b>	Rugby	Call for Sites	1.7
<b>Coton Park East</b>	Coton	Call for Sites	15
<b>Boots Farm</b>	Rural	Commitments	2.2
<b>HTA Precision Ltd</b>	Rural	Commitments	3.2
<b>Keller Ltd</b>	Ryton	Commitments	3.1
<b>Stretton Croft</b>	Burbage	Commitments	3.1
<b>Hunters Lane</b>	Rugby	Existing Site	4.6
<b>Woodside Park</b>	Rugby	Existing Site	7.1
<b>Tribune Trading Estate</b>	Rugby	Vacant Site	7.1

## Review of Existing Main Employment Sites

7.8 We set out below the findings below from the site assessments. This follows the structure set out in the table above.

### Ansty Business Park, Ansty



Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
41.3	17.0	Undeveloped land

7.9 Large and flat partially developed technology park in out of town location at Junction 2 of the M6, just beyond the north-eastern edge of Coventry.

7.10 Planning permission (ref R03/0887/14999/P) was granted December 2003 for the use of the 41.3 hectare site for the construction of a high technology park creating 1.5 million sq.ft of class B1 floorspace. This permission has been partially implemented. Key infrastructure has been delivered. Approximately 17ha of the site remains undeveloped; however 9ha of this now has planning permission for a mixed B1/B2 use. The site is being marketed as offering bespoke office and technical / laboratory buildings tailored to meet occupiers' specific requirements and will be available to either lease or buy.

- 7.11 The site comprises 6 plots based around a central boulevard. To date two of the 6 plots have been built out and are occupied. Another two of these plots are nearing completion. The north westernmost plot contains a store support centre building occupied by Sainsbury's (and was formerly occupied by Ericsson), the south easternmost plot is occupied by MTC Manufacturing Technology Centre (12,000 sq.m). The MTC Aerospace Research Centre has recently been completed on the north eastern plot. A 65,000 sq.ft high-temperature research centre, a joint collaboration between the University of Birmingham and Rolls-Royce, and the Advanced Manufacturing Training Centre are also in the process of being built at Ansty Park.
- 7.12 The other two plots remain undeveloped (to the east and south of the Sainsbury's site). The undeveloped plots have road access in place but other than this are completely vacant sites.
- 7.13 However London Taxi Corporation Ltd submitted a planning application in December 2014 for 24,341 sq.m B1/B2 floorspace of which 20,000 sq.m is B2 floorspace on 8.7 ha of land. This is expected to support 550 jobs, and would build out the remaining land to the south of the access road (the proposals allowing scope for on-site expansion). This application has now been approved.
- 7.14 The site is located in a very accessible location just off Junction 2 of the M6 providing access to the M6, the M69, A46, and A4600. Internal access is good with a four lane boulevard providing access to all plots. The three currently built out sites have their own car parking areas including a multi-storey car park at the Sainsbury's store support centre.
- 7.15 The site is located in a rural location and is surrounded on three sides by agricultural uses. To the south of the site is the Rolls Royce site although there is no access linking the two sites.
- 7.16 The Ansty Business Park provides large plots for bespoke developments for prestige office and research and development uses, in a very accessible location. Take-up of space on the site is accelerating and it could soon be largely built-out.
- 7.17 **Recommendation: High quality 'premier' site of sub-regional significance. Support retention of site for strategic employment use, reflecting the strong strategic road access and high quality development site. Consider widening the range of permitted uses to include B2 to support growth / investment in the manufacturing sector.**

**Former Cattlemarket Site, Rugby**



Site Area (ha)	Vacant Area (ha)
1.0	None

- 7.18 Former industrial area which is in the process of undergoing residential led mixed-use redevelopment. The site adjoins Rugby train station and sits between this and the Town Centre, approximately 500m to the south west. It accommodates a Stagecoach Bus Garage, adjoining Railway Terrace.
- 7.19 Planning permission (R09/0331/MAJP) was granted in September 2009 for mixed-use development comprising the erection of buildings for use as a 72 bedroom hotel with ancillary bar/restaurant and 420 sq.m of retail floorspace, an 80 bed nursing home, a 45 unit extra-care sheltered housing development and the erection of 47 no. affordable residential units with associated access, parking and landscaping. Part outline planning permission was granted for the erection of 69 no. residential units, employment uses (B1 (a), (b) and (c)) of maximum floorspace of 3,842 sq.m, and community use (maximum floorspace 2,250 sq.m) and 0.95ha of public open space.
- 7.20 This permission has been partly implemented – the 72 bed Travelodge hotel with a Tesco Express retail store at ground floor level has been completed and is occupied. The nursing/ extra care provision along Murray Road has also been constructed. The remainder of the site (adjoining Railway Terrace) is vacant and cleared pending a further phase of development.

- 7.21 The site is surrounded on 3 sides by residential properties and to the north by the bus station. The surrounding area is predominantly residential but the Woodside Road employment area is to the north west of the site.
- 7.22 The remaining area of land where the expectation that employment development could be brought forward comprises c. 1 hectare of land adjoining (and to the south of) the Bus Garage. However at the time of the site assessments, this land was actively used for car parking associated with the garage. We do not consider employment development to be deliverable on this land.
- 7.23 The employment development potential of this site is affected by remediation costs; and its market attractiveness constrained by single carriageway access along Murray Street under the railway line.
- 7.24 **Recommendation: We do not consider that employment development would be brought forward on remaining land at this location. The site should be considered for alternative uses. No further development potential for employment uses.**

**Malpass Farm, Rugby**



Site Area (ha)	Vacant Area (ha)
10.0	None

- 7.25 Site located on the A4071 on the western boundary of Rugby, to the north of the cement works site. The site is currently undergoing redevelopment.
- 7.26 Planning permission (ref R08/1499/CM) was granted March 2009 for the development of the site to create a 34,000 sq.m manufacturing facility to supply Rugby Cement works with solid recovered fuel (climafuel) manufactured from mixed household, commercial, and industrial waste (B2 Use). This is to be operated by Cemex. This will occupy the entire site.
- 7.27 The site lies between the two railway lines with the Keltbray Rail site to the east and undeveloped land to the west. Access into the site is directly off the A4071 at Malpass Roundabout. Internal access roads are currently under construction and the building is nearing completion.
- 7.28 **Recommendation: Support proposed employment use. Support retention of site for local employment use reflecting the strong road access. No further development potential.**

**Rugby Gateway**

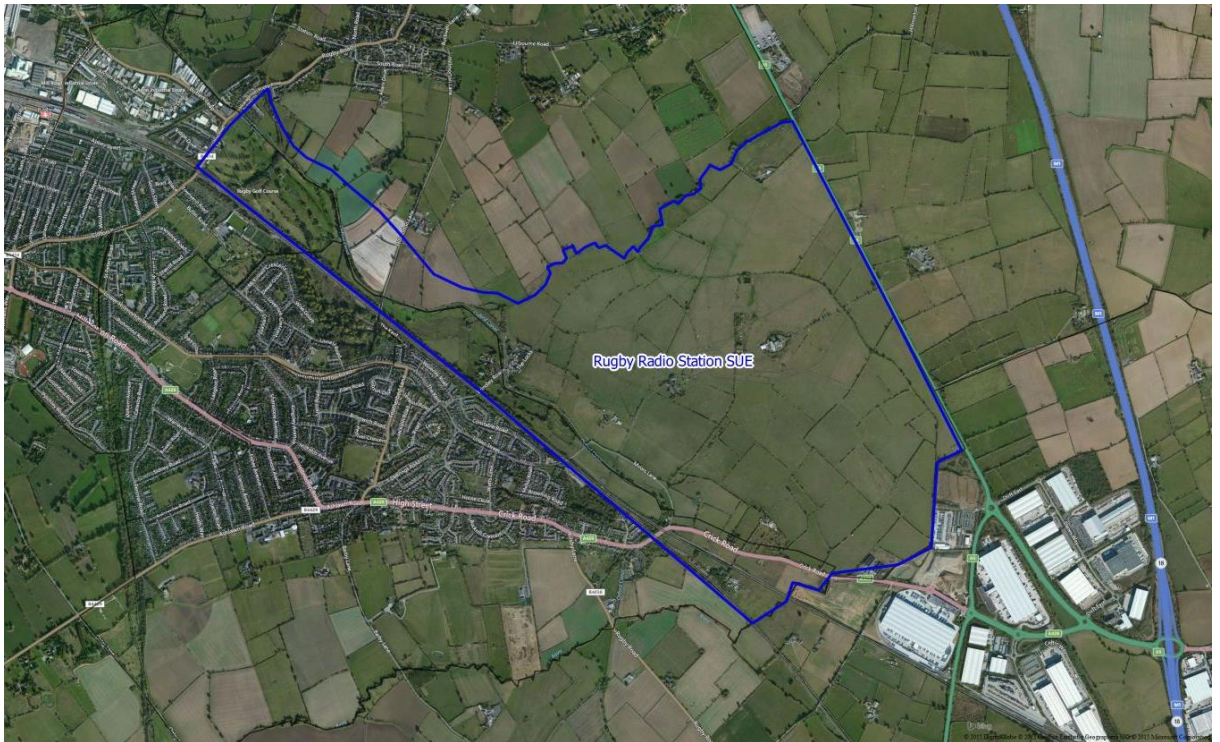


Site Area (ha)	Vacant Area (ha)
36.0	32ha of undeveloped land (4 x zones)

- 7.29 Large Greenfield site located to the south of Junction 1 of the M6 on the northern boundary of Rugby. The site is currently being developed for 36ha of B2 and B8 use as part of a larger mixed use scheme. The employment scheme is being brought forward by Roxhill and Segro as part of larger mixed-use proposals in this area.

- 7.30 Outline planning permission (ref R10/1272) was granted in August 2013 for redevelopment of the site to create 1,300 residential units; 36ha of employment B2 & B8 uses; community facilities including primary school, nursery and health facility, retail premises; open space; and associated infrastructure and works. Reserved matters applications (refs R13/2311 and R14/0615) relating to two of the approved employment buildings were approved in February and May 2014.
- 7.31 The employment uses are located at the northern part of the site bounded by the M6 and the A426 with access from the A426 via the roundabout at Central Park Drive. At the date of assessment vehicular access into the site and the internal road infrastructure was in place and construction of two industrial / warehouse units was underway. One unit of 100,000 sq.ft was being advertised to let / for sale.
- 7.32 We understand that H&M took possession of the 236,000 sq.ft unit in December 2014. Construction of a new speculatively-built 250,000 sq.ft warehouse is due to commence in January 2015, with a quoting rent of £6.25 psf. A further detailed planning consent for a single warehouse of 810,000 sq.ft is in place.
- 7.33 **Recommendation: High quality logistics site of sub-regional significance. Support retention of site for strategic employment use, reflecting the strong strategic road access and quantum of approved large format distribution units. We would expect that the site will be built-out by 2017.**

### Rugby Radio Station



Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
29.0	29.0	Part of SUE

- 7.34 The Rugby Radio Station Sustainable Urban Extension (SUE) was granted outline planning consent in May 2014. The application provides for a mixed use urban extension including 6,200 dwellings and associated retail and community uses and a hotel. It includes 29 hectares of commercial and employment space with potential for up to 106,000 sq.m (B1, B2 and B8).
- 7.35 The employment land provision is principally focused at the southern end of the site on land adjoining DIRFT2. It sits between the A5 and A428 and would be served by new internal access roads. The site is located close to M1 Junction 18. The site provides strong accessibility to the strategic road network; whilst other facilities will be provided as part of the wider urban extension.
- 7.36 The site provides the potential to support medium-sized employment units, including providing a supply of land including for units of between 5,000 – 25,000 sq.ft for which there is limited current supply on other sites related to the town.
- 7.37 **Recommendation: An extant planning consent. Potentially good quality site which will be attractive for occupiers seeking medium-sized industrial units of between 5,000 – 25,000 sq.ft including ancillary B8.**



**Butlers Leap, Rugby**



Site Area (ha)	Vacant Area (ha)
16.4	None

- 7.38 Industrial area on the north east edge of Rugby. The area is just north of Rugby train station and is bounded to the south by railway sidings, the west by Mill Road, and to the north by the road named Butlers Leap. The area comprises a number of cul-de-sacs off of Butlers Leap and Mill Road and comprises a mix of employment uses. There are a variety of unit sizes and ages, although the majority are small / medium sized and estimated to date from the 1990s.
- 7.39 The majority of the units are under general industrial (B2) uses the majority of which are occupied by local businesses. The area is home to a number of building / electrical / plumbing suppliers and vehicle repair operations (including trade counter and other *sui generis* uses). On Great Central Way is the Sir Frank Whittle Business Centre which provides 42 small scale (14 sq.m to 170 sq.m) light industrial units available on short term easy-in / easy-out rental agreements.
- 7.40 Occupancy rates are good although there are a number of vacant buildings currently being advertised including some of the more prominent sites.
- 7.41 Generally, the east of site – Prospect Way, Great Central Way, Cottage Leap, and the LISI site north of Butlers Leap – provides good quality units and the built environment is good. However, the

Arches Business Centre and Arches Lane to the west of the area are in a considerably worse condition with vehicular access roads in a poor state of repair making manoeuvring difficult.

7.42 Some of the units in the area are HGV accessible, but due to the layout of the area being divided into a series of cul-de-sacs, internal manoeuvring could be difficult to some plots. However, the majority of occupiers appear to use smaller light commercial vehicles.

7.43 **Recommendation: Butlers Leap provides good quality provision for small scale local businesses, and has high levels of occupancy for such uses. We recommend that policy supports the continued use of this site for local level employment provision. It provides an important role in catering for occupiers seeking 10,000 – 30,000 sq.ft of space.**

### Central Park, Rugby



Site Area (ha)	Vacant Area (ha)	Under Construction
56.1	6.23	

7.44 Large mixed employment area located to the south east of Junction 1 of the M6 and the A426. Central Park comprises three distinct areas – the majority of the site comprises large format distribution warehouses accessed from Castle Mound Way. To the south of the site, based along Central Park Drive, are medium sized light industrial and office units. To the south west of the area are two courtyard office parks: Mitchell Court and Davey Court.

- 7.45 The part of the site along Castle Mound Way comprises five distribution warehouse units currently in place and operational – occupied by Gap Inc., Norbert Dentressangle, Quartzelec, and Autins. Each unit is set in its own landscaped grounds with car parking and loading bays within secure grounds. On the south side of Castle Mound Way two B8 units are currently under construction as part of a Prologis scheme being delivered on a speculative basis. The development will provide 100,000 sq.ft of B8 floorspace and is currently being advertised to let.
- 7.46 To the south of Central Park Drive, along the southern edge of the site, are smaller units under a mix of office, research and development, and light industrial uses. These units are occupied by a number of high tech firms such as Mahle, Morgan Advanced Materials, MSS Lasers, and HP. A number of the units have their own car parking facilities and soft landscaping, while some of the smaller units have shared car parking facilities. The built environment is of good quality and appears well maintained. The most westerly building on Central Park Drive is currently vacant and being advertised as 4,594 – 25,791 sq.ft ‘High Quality Headquarter Office Building’ for sale / to let.
- 7.47 The two courtyard office parks – Mitchell Court and Davey Court – provide smaller office accommodation in a number of smaller two storey blocks with car parks surrounding. These provide smaller scale office accommodation and are mostly occupied by local businesses. We understand that letting of the scheme was slow, although this is likely to partly reflect wider market conditions. The standard of the buildings and built environment is good and the area appears well maintained. 5 out of the 37 offices were vacant and were being advertised at the time of assessment in December 2014.
- 7.48 **Recommendation: Site of sub-regional significance. Support retention of site for strategic employment use, reflecting the strong strategic road access and high quality existing accommodation. Consider the extension of employment uses into land to the east of the site, subject to market demand, viability and impact analysis.**

**Dunchurch Trading Estate, Dunchurch**



Site Area (ha)	Vacant Area (ha)
3.8	None

- 7.49 Small industrial estate in rural location on the A45 approximately 5 miles south west of Rugby Town Centre. The site accommodates principally B8 occupiers including David Gilkes Removals & Storage, Exact Logistics and Truck Force. The accommodation at the site comprises warehouse units dating from the 1970s / 80s and is considered to be generally poor condition.
  
- 7.50 Access into the site is directly from the A45 approximately half a mile west of the start of the M45. Site access is available from the eastbound carriageway only.
  
- 7.51 Three of the larger units, comprising over 50% of the floorspace at the site, are currently vacant and there was limited activity at the site at the time of the site assessment. We understand that ownership of the site has changed several times over recent years; but that the new owner is investing in the site. Unit 9 is being refurbished (20,000 sq.ft) and once this is completed there are plans to refurbish Unit 8.
  
- 7.52 The site accommodates a bashing plant. This, together with the site's somewhat remote location, impacts on its market attractiveness for some potential users. The attractiveness of the location has however been improved by delivery of the Rugby Western Relief Road and the new owners

propose investment. There is scope for some intensification of uses on the site subject to market demand.

- 7.53 **Recommendation: Site is in a good strategic location. It currently caters for occupiers seeking lower value space (B2/ B8). Some investment is proposed by the owners, and this should be supported. The site meets needs of local businesses requiring accessible, lower value space. Support continued B2/ B8 employment use.**

**Glebe Farm, Rugby**



Site Area (ha)	Vacant Area (ha)
21.7	None

7.54 A 21.7 ha industrial estate located to the north of Leicester Road (A426). The site is bounded on three sides by employment uses with Swift Valley to the north, Swift Park to the east, and Midland Trading Estate to the south. To the west of the site is open agricultural land.

7.55 The site accommodates a range of employment uses, predominantly B2 and B8 uses. The largest premises are occupied by Britvic manufacturing and distribution on Avenue Way, and Ball Packaging Europe on Pretorian Way. A number of units are currently vacant – the prominent former

TFS unit on Pretorian Way (24,000 sq.ft) and the former H&K Equipment Warehouse on Chariot Way (11,870 sq.ft).

7.56 The accommodation is predominantly of older stock, estimated to mostly date from the 1980s and 1990s, although the majority has been well maintained and is in good condition. There is a good internal road network and vehicular access to all units is good with all being HGV accessible. There is no obvious opportunity to expand or intensify uses at the site.

7.57 **Recommendation: Good quality site already built out and in use, located in a key employment area. Recommend the site is protected for continued employment use.**

**Lawford Heath Industrial Area, Lawford Heath**



Site Area (ha)	Vacant Area (ha)
8.6	None

7.58 Industrial estate in rural location approximately 3.5 miles south west of Rugby Town Centre and approximately 1 mile from the A45. The site is located on Lawford Heath Lane which is a minor road.

- 7.59 The site comprises 5 large units under a mix of employment uses (B1, B2, and B8 uses). The site is fully occupied with the majority of the site occupied by Listers who prepare and store cars, with DK Packing Group also based at the site.
- 7.60 Vehicular access to and within the site is good and includes car parking provision and loading areas. Site security is good with manned security gate providing 24 hour coverage.
- 7.61 **Recommendation: Good quality and fully occupied site home to key businesses, including automotive sector – one of the key sectors of regional importance. Continued employment use should be supported.**

**Midland Trading Estate, Rugby**



Site Area (ha)	Vacant Area (ha)
5.3	None

- 7.62 Industrial area located to the north of Leicester Road (A426) at the southern tip of a larger industrial area with Glebe Farm and Swift Valley to the north. The triangular site is bounded by canals to the north and east and by a green buffer to the west with residential to the rear.
- 7.63 The site comprises a number of medium sized units under general and light industrial uses (B2 and B1c). Part of the site is used for the storage of storage containers. The accommodation is

predominantly of older stock, estimated to mostly date from the 1980s and 1990s, although the majority has been well maintained and is in good condition. There is a good internal road network and vehicular access to all units. Occupancy is good with only one vacant unit.

- 7.64 **Recommendation: Good quality site already built out and in use, located in a key employment area in north Rugby. Recommend the site is protected for continued employment use.**

**Prologis Park, Ryton-on-Dunsmore**



Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
56.0	21.7 (16ha of which forms 'Site C')	Brownfield site

- 7.65 Distribution Park at the former Peugeot Citroen site to the south east of Coventry. The site is located to the south east of the junction of the A45 and A423 (Toll Bar Island) and to the west of Ryton-on-Dunsmore.

- 7.66 The large flat site is currently partly built out. The majority of the site (known as Site A and Site B) is divided into 7 plots, 5 of which have recently been built out and are occupied. There are 2 plots which are currently vacant, ready to build and being advertised. Each of the five developed plots contains a recently built high spec large warehouse unit providing high end storage and distribution



accommodation for large national / international occupiers. Occupiers are Network Rail, LG, Jaguar Land Rover, Freeman, and UK Mail. The most recent deal was of 225,000 sq.ft to Jaguar Land Rover at £5.95 psf.

- 7.67 Each unit is fenced with site security. Each has a large number of loading bays able to accommodate high volume of HGVs, and each has considerable car parking provision which appeared to be adequate for existing needs.
- 7.68 The two remaining un-built plots are of 6.7 ha and 3.2 ha in size and are cleared and ready to be developed. They are being advertised for a 322,970 sq.ft and a 170,320 sq.ft “built to suit” units under use class B1, B2 or B8. This is advertised to be delivered in 24 weeks. A further 16 ha of land (known as Site C) has outline permission for B1c, B2 and B8 uses.
- 7.69 To the south west of Prologis Park is an 11.8 ha plot of largely vacant land. Part of this site is covered with hardstanding and appeared to be used for informal vehicle storage. There is potential for this site to accommodate additional B class uses, as an extension to Prologis Park or a separate development. Access to the site would need to be improved, with potential access from the A423 or from Prologis Park.
- 7.70 **Recommendation: Good quality site at highly accessible and strategic location providing high spec large scale accommodation. Meets sub-regional scale need for logistics floorspace. Support retention of site for strategic employment use. There are two vacant plots (and an extant outline permission for ‘Site C’) available to meet immediate needs. In addition there is potential to develop the 11.8 ha area to south west of the existing developed area, which should be considered for a longer term expansion of the employment area, subject to viability and impact analysis.**

**Rolls Royce Site, Ansty**



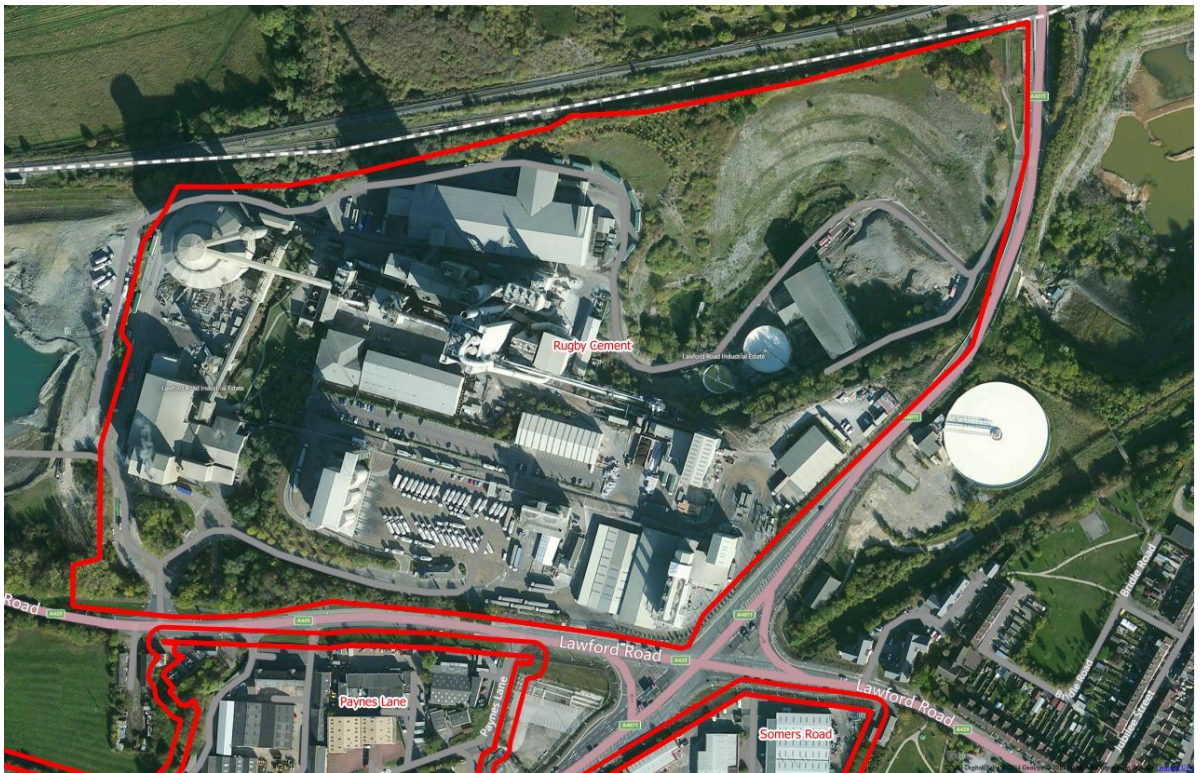
Site Area (ha)	Vacant Area (ha)
56.2	None

- 7.71 Large site in out of town location to the north east of Coventry built up area. The site is located to the south of the Ansty Business Park. With open agricultural land (including Hillfields Farm) surrounding on the other three sides.
  
- 7.72 This single occupier site is currently occupied by Rolls Royce who houses their defence and aerospace operations there. We understand it is used for the testing of jet engines and other R&D activities. The site comprises a range of buildings of various ages which appear to be in reasonable condition, as well as on site loading and car parking provision. There appears to be considerable undeveloped land at the site providing the potential for intensification of employment uses, however this would be dependent on the operations of the current occupier.
  
- 7.73 Unlike Ansty Business Park, the Rolls Royce site faces east away from the A46 with site access from Coombe Fields Road. This is a rural road which does not provide easy access onto either the A46 or the M6. Access to the strategic road network therefore is via a series of rural B roads – not ideal for HGVs or large volume of car traffic. A northern / western access to Ansty Business Park or the A46 would substantially improve links between the site and the wider strategic road network and

would be necessary to support any redevelopment. The costs of delivering this could influence viability of redevelopment.

- 7.74 **Recommendation: Single occupier employment site occupied by a key employer in borough. Should the site become vacant or partially vacant, employment-led redevelopment should be supported subject to improving access and viability. Recommend support protection / intensification of employment uses at the site. Restrict uses to B1, B2 and ancillary B8 uses.**

**Rugby Cement Works, Rugby**



Site Area (ha)	Vacant Area (ha)
18.8	None

- 7.75 The site comprises a large cement works currently in operation and occupied by Cemex. The site is located on the western edge of Rugby on the A4071 located to the north of the Paynes Lane and Somers Road industrial areas. The site does not present an opportunity for redevelopment / intensification of employment uses.

- 7.76 **Recommendation: Operation cement works site. No specific policy response is considered necessary.**

**Shilton Industrial Estate, Shilton**



Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
4.4	0.5	Intensification opportunity

- 7.77 Small industrial estate located in a rural location to the north east of Coventry. The site is located on the B4029. The site is not well connected to the strategic road network. Although the site is bounded to the east by the M69, there is no motorway access in the immediate vicinity of the site.
- 7.78 The site comprises two halves with distinct characteristics. The eastern part of the site comprises medium sized units under B2 and B8 employment uses. Each unit has its own car parking and loading areas to the front. Car parking provision appears adequate for current needs. These units are in fair condition offering reasonable accommodation to meet local demand.
- 7.79 The western half of the site comprises a mix of small / medium sized units surrounding a car park area. These are in a mix of uses – mostly employment uses, but some units are under retail use. This part of the industrial estate is in a much poorer state of repair. One of the units was an unusable shell with no sign of repair / redevelopment underway. The surfacing is in a very poor state of repair. Car parking is informal and undemarcated and this area was used for some informal open storage. To the west of the site is a row of residential properties – some with rear accesses onto Kiln Way within the site.

7.80 GL Hearn considers that that potential market demand for expansion of this site would be low.

7.81 **Recommendation: The eastern half of this site provides reasonable quality employment accommodation to meet local demand. The western half comprises poor quality accommodation with poor quality access and environment, with some derelict units. Recommend supporting redevelopment of the western half of the site subject to market demand to provide higher quality employment accommodation to meet the offer of the eastern half of the site.**

**Somers Road, Rugby**



Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
19.1	0.7	Intensification opportunity

7.82 Older intensively developed local industrial estate located on the western fringe of Rugby to the south of the junction of the A4071 and the A428.

7.83 The industrial estate principally comprises light industrial workshops and industrial units. The building stock predominantly dates for the 1970/80s. The building stock is generally of reasonable quality however the size and age of the stock limits market attractiveness.

- 7.84 The units are generally under B class uses – some with trade counters – although there are some premises under vehicle repair uses. The area is generally well occupied, but some units are vacant, with considerable vacancies toward the rear (south west) of the site. Plot sizes within the site limit redevelopment potential.
- 7.85 Vehicular access is acceptable with internal circulation generally adequate for existing uses but limited in some areas. Most of the businesses have off street parking but there is evidence of considerable on street parking within the estate.
- 7.86 In market terms, the attractiveness of this site has been improved by the delivery of the Western Relief Road. This may encourage some occupiers to invest.
- 7.87 **Recommendation: This is a multi-user site which supports a variety of employment uses meeting local demand. It is generally well occupied. Some vacant plots offer a potential redevelopment / intensification opportunity and this should be encouraged.**
- 7.88 **The Council should encourage redevelopment of plots for B-class employment on more accessible sites within this area, subject in particular to consideration of parking issues within the Estate. It might consider permitting wider employment-generating uses within older stock and in the less accessible parts of this site where this can contribute to the overall vibrancy of the employment area.**

### Swift Park, Rugby



Site Area (ha)	Vacant Area (ha)
15.1	None

- 7.89 Industrial area located to the north of Leicester Road (A426) at the southern tip of a larger industrial area with Swift Valley to the north and Midland Trading Estate to the west. The site is bounded by Brownsover Road to the north east and canal to the south.
- 7.90 The site comprises nine units under B8 (warehouse and distribution) uses. Six of these are large and three are smaller units. The quality of the building stock is reasonable. Each has its own off road loading areas and car parking provision. The area comprises considerable soft landscaping with considerable vegetation lining the sites and roads.
- 7.91 The majority of the units are occupied, occupiers including TFS, H&K, and Volvo. One of the units (3,850 sq.m) is currently vacant and being advertised. There is no opportunity for further development or intensification of employment uses at the site.
- 7.92 **Recommendation: Swift Park forms part of the wider employment area to the north of Rugby. The site functions well and offers good quality accommodation with good access to the Strategic Road Network. The Council should seek to retain this site in employment use.**

**Swift Valley, Rugby**



Site Area (ha)	Vacant Area (ha)
44.0	None

- 7.93 Swift Valley is the largest and central site of several sites assessed separately in this report which form a large employment area on the northern edge of Rugby. The site is located close to, and with good access to, the A426.
- 7.94 The majority of the area comprises a large number of employment units – the majority of which are large distribution depots. The sites are generally well maintained with security fencing and soft landscaping edging sites, which is well kept. At the date of assessment all of the units appeared to be occupied. Occupiers include international businesses such as Technicolor and Premier Foods.
- 7.95 The units are generally modern and in a good state of repair. Circulation within the site is good. All sites have HGV access and the majority have off road loading areas. However, at the time of assessment there was a high number of HGVs parked on the roadside within the area.
- 7.96 To the south east of the site, to the east of Valley Drive, is the IO Centre which is very separate from the rest of Swift Valley. This comprises a much smaller area containing smaller B2 units which are much more densely built around courtyard car parking areas. At the date of assessment several of these units were vacant being advertised.



7.97 **Recommendation: Swift Valley forms part of the wider employment area to the north of Rugby. The site offers good quality distribution accommodation with good access to the Strategic Road Network and full occupancy rates. The Council should seek to retain this site in employment use.**

**Valley Park, Rugby**



Site Area (ha)	Vacant Area (ha)
23.7	None

7.98 Industrial area located to the north of Leicester Road (A426) at the northern tip of a larger industrial area with Swift Valley to the south. The site is bounded on the other three sides by open agricultural land.

7.99 The site represents the newest phase of development of Swift Valley and comprises three large B8 warehouse units. The units are new and are good quality with loading bays and car parking provision within landscaped grounds. One unit is occupied by DHL and one by DHL for NHS Distribution. One of the units – ‘Swift Central’ – is currently vacant and being advertised for 211,725 sq.ft of B8 floorspace.

7.100 **Recommendation: Swift Park forms part of the wider employment area to the north of Rugby. The site offers good quality large form distribution accommodation with good access to the**

**Strategic Road Network and near full occupancy rates. The Council should seek to retain this site in employment use.**

**Paynes Lane, Rugby**



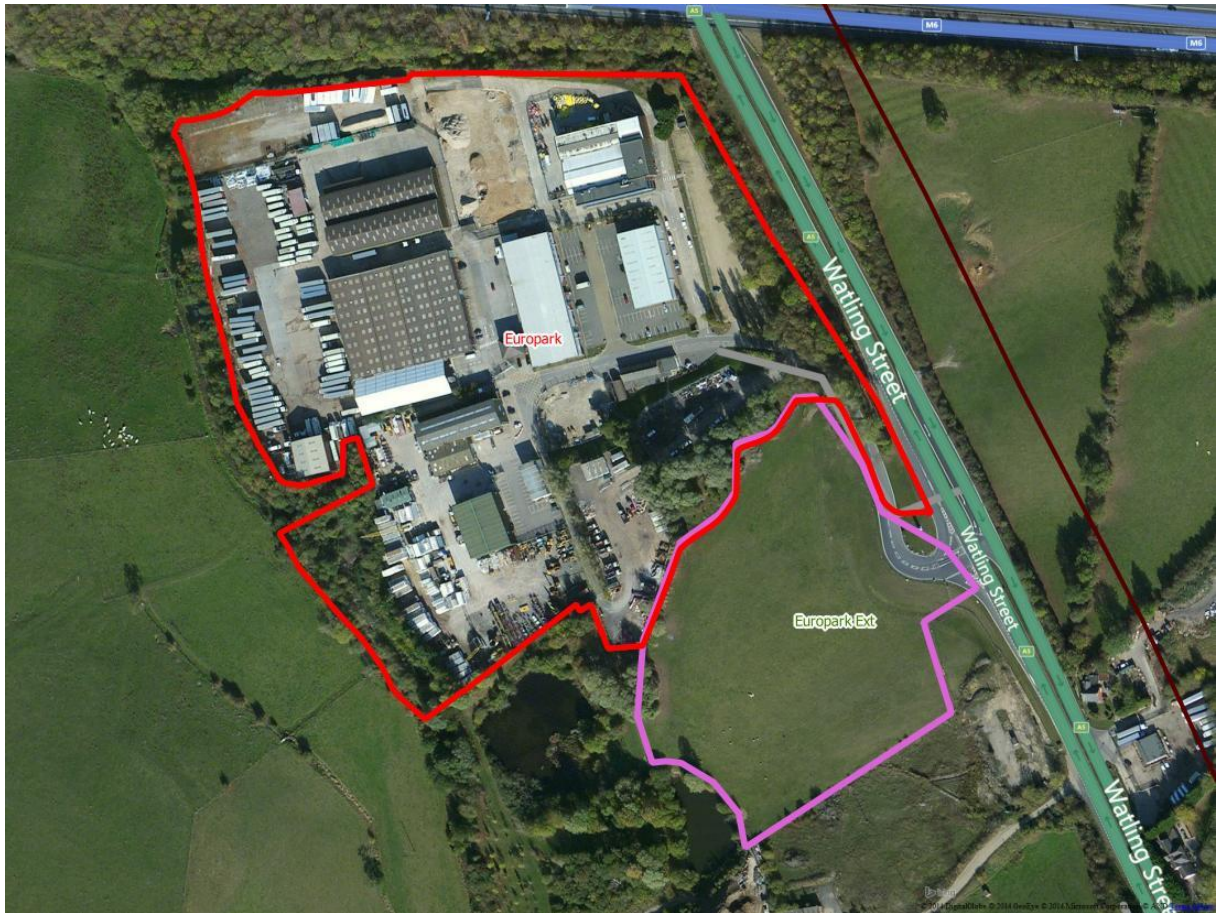
Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
9.6	2.2	Part vacant / part redevelopment

7.101 Employment area on the western edge of Rugby, located to the south west of the junction of the A4071 and the A428, opposite Rugby Cement Works. The triangular site is bounded on two sides by these roads and to the west by open agricultural land.

7.102 The majority of the site comprises small and medium sized industrial workshop units in a mix of B class employment and vehicle repair uses. The building stock generally comprises older units dating from the 1970/80s. Building conditions are mixed with most being in reasonable condition, however there are few buildings in a poor state of repair including one unusable shell with no sign of repair / redevelopment underway.

- 7.103 These smaller units were occupied by small scale local businesses. Several of the units are currently vacant and being advertised. To the rear of the site is a larger distribution unit occupied by Acenta Steel Distribution.
- 7.104 To the east of the site is a 0.5 ha vacant plot currently being used for the open aggregate storage. To the west of the site is a 1.7 ha plot which is mostly undeveloped greenfield site although it does contain some small scale development on the eastern part of the site which do not appear to be in use. We understand that this site is owned by Stepnell, a local building and civil engineering business who are located on this site. These areas have the potential to accommodate expansion of the employment area.
- 7.105 Access to the site has been improved by construction of the Western Relief Road and this may help to attract investment.
- 7.106 **Recommendation: This site is located close to the strategic road network and other industrial areas, however the units and area in general are poor quality and there are a number of vacant units / plots and derelict buildings. The Council may consider supporting modest expansion of this site, and/or considering the potential for wider employment-related uses to come forward on the build parts of the site to encourage investment and regeneration. Other employment-generating uses include car repair and trade counter activities.**

## Europark



Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
9.9	0.4	Vacant site
2.8	2.8	Potential extension – greenfield

- 7.107 Industrial estate located on the A5 in a rural location to the north east of Rugby. Although the site is bounded to the north by the M6 there is no motorway access in the immediate vicinity of the site.
- 7.108 The site is a modest sized mixed employment area comprising small and medium scale units under warehouse and distribution (B8) uses. At the date of assessment 4 of 13 units were vacant with units of 5,000 to 34,000 sq.ft were being advertised. There is a vacant 0.4 ha plot at the site which could present an opportunity for further development, however this was not being advertised at the time of the site assessments.
- 7.109 Site access is directly from the A5. There is no right turn for lorries exiting the site. Internal circulation is good. Access is not as strong for other employment locations within the Borough, but is reasonable.

- 7.110 The area to the south of the existing employment area comprises a 2.8 ha greenfield site with the potential to accommodate an expansion to the existing employment site. To the south of this is the HTA Precision site which has extant planning permission to be developed for employment uses. The topography of this site is very steep, sloping east to west, which could present difficulties for development, particularly regarding access from the A5.
- 7.111 Demand at this location would principally be for B8 uses (principally for more locally-based distribution firms) or a 'heavy' manufacturing (B2) use which would be less suitably located at other sites. Take-up could be expected to be slower than at other sites in the Borough.
- 7.112 **Recommendation: Modest industrial estate in out of centre location. The site is a reasonable quality industrial estate but has considerable vacancies and uses could be intensified. Land to south could provide an expansion to employment site which would link the existing Europark site and the approved HTA Precision site. However given the low occupancy there may not be the market to support further expansion at present.**

#### Alba Site, Rugby



Site Area (ha)	Vacant Area (ha)
5.0	None

- 7.113 Site located on Mill Road in Rugby to the north of Rugby railway station and to the south of Butlers Leap industrial area. The triangular site is bounded on two sides by the railway line and railway sidings.
  
- 7.114 The site comprises a single large B8 warehouse unit, loading area and car parking with site security. The site is occupied by Nissin. To the north of the site is a car park occupied by Royal Mail.
  
- 7.115 The site is in a sustainable location with excellent public transport provision and is close to other employment areas. There is no obvious opportunity for redevelopment.
  
- 7.116 **Recommendation: This is a good quality single user site in a sustainable location. Support continued use of the site for employment use. However there appears little opportunity for further development at the site.**

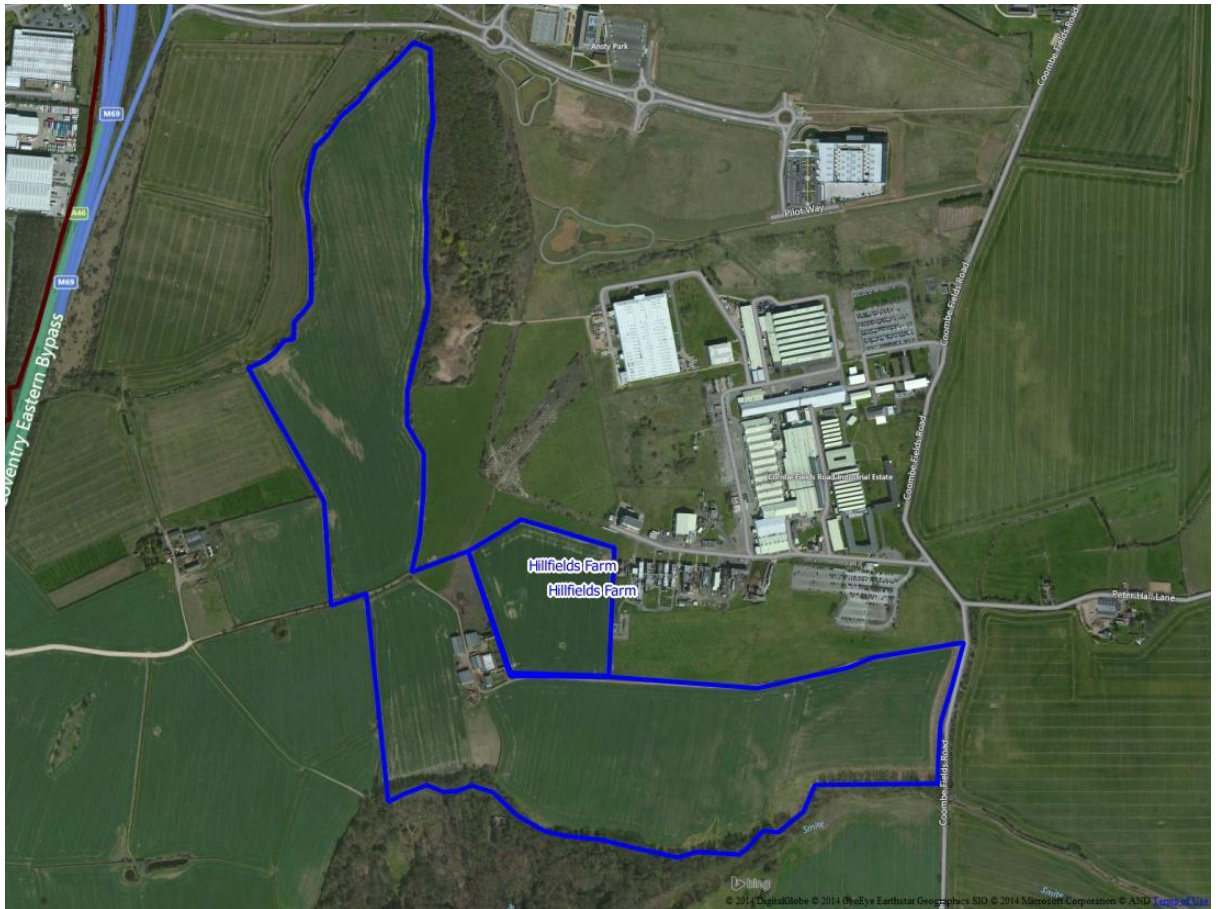
**Land South of Cawston Spinney**



Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
91.7	27.9	Greenfield site

- 7.117 Large greenfield site located in rural location approximately three miles to the south west of Rugby at the junction of the M45, A45, and B4429. The generally flat site currently comprises open fields under agricultural use with some small agricultural buildings and hedgerows crossing the site. The land surrounding the site is predominantly in agricultural use but there is an area of woodland bounding the northern site boundary.
  
- 7.118 The overall site area is proposed for a significant mixed use development including residential. A total of 27.9 hectares is proposed for employment uses. The site is well located for access to the strategic road network, and would be attractive for storage and distribution uses. Access into the site could be created from the M45 / A45 / Coventry Road roundabout although this could require remodelling of the junction.
  
- 7.119 Market demand at this location would principally be from B8 occupiers. The improvements to Toll Bar Island will help support market demand. A key consideration for this site is likely to be its sustainability. It is relatively remote from Rugby and other town in the sub-region. This is more of a planning consideration; given that other sites at similar locations such as DIRFT and Magna Park have been successfully built-out. In market terms, sites to the north of Rugby with good access to the M6 would be potentially preferable. Development at this location would potentially be visually prominent and landscape impacts would need to be considered.
  
- 7.120 **Recommendation: The site is in a good strategic location which relates well to the wider strategic road network. The large site would be attractive to storage and distribution uses and is of a scale to deliver large scale B8 units. Recommend considering the site for strategic employment uses, subject to viability, sustainability and impact analysis.**

### Hillfields Farm, Ansty



Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
58.3	5.9	Greenfield Site

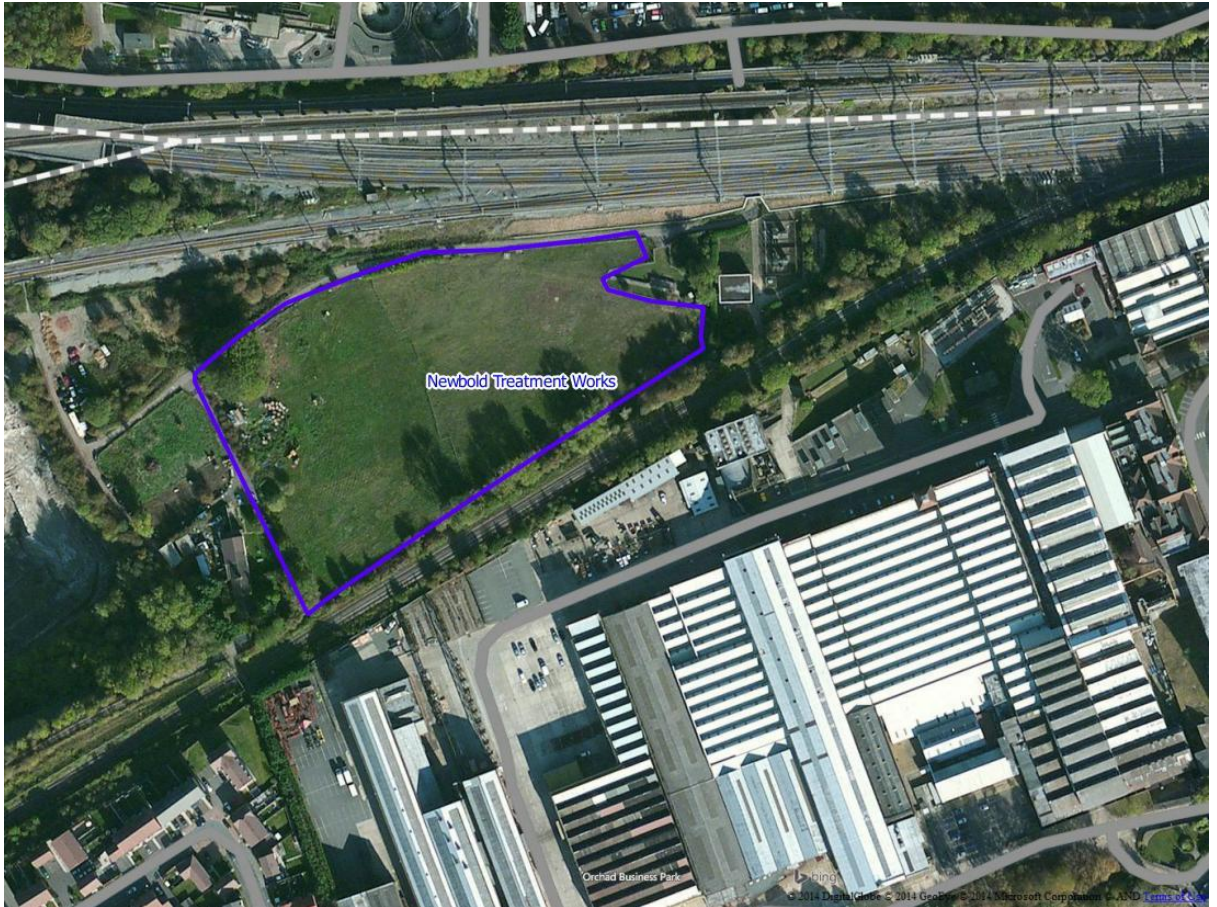
7.121 Greenfield site located in out of town location to the north east of Coventry built up area. The roughly “L” shaped site bounds the southern and western boundary of the Rolls Royce site. The generally flat site currently comprises open fields under agricultural use with some agricultural buildings in situ. The overall 58 hectare site is proposed for mixed use allocation with a total of 5.9 hectares of this proposed for employment uses immediately adjacent (to the north-east) of the existing Hillfields Farm buildings.

7.122 Currently, there is a very poor quality access road into the site from Coombe Fields Road to the east and from Farber Road in Walsgrave On Sowe to the west. Like the Rolls Royce site, despite being close to the junction of the M6 / M69 / A46, there is no access from Hillfields Farm to these strategic roads with access via a network of smaller country roads. The northern tip of the site adjoins Ansty Business Park. This could allow construction of an access road linking the site to the strategic road network.



- 7.123 The location and shape of the site would represent a potential logical extension to the Rolls Royce and Ansty sites. However, the Rolls Royce site does not relate well to Hillfields Farm with the southern and western parts of the Rolls Royce site currently undeveloped. Furthermore, as a single occupier site Rolls Royce are unlikely to accept access through their site to 'open up' Hillfields Farm. This means development of Hillfields Farm could potentially constitute a development strip rather than an extension of an existing employment area.
- 7.124 This site represents an opportunity for a small to medium sized employment development as part of a wider mixed use development across the larger site. Its development potential may be influenced by the adjoining Rolls Royce site and residential growth/ infrastructure investment on the eastern-side of Coventry.
- 7.125 **Recommendation: The site is located close to existing major employment sites of Ansty Business Park and Rolls Royce, as well as the junction of the M6 / M69 / A46. In considering the site's development potential, the Council should take account of proposals for residential growth and infrastructure investment of the eastern side of Coventry and potential to improve access. This is critical to supporting demand for employment development at this location.**

**Newbold Treatment Works, Rugby**



Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
1.7	1.7	Brownfield site

- 7.126 A brownfield site located within the built up area of Rugby, close to other employment related uses. The site is located between two railway lines – the main line to the north and branch line to the south. The site is located on the western edge of other employment and related uses in Rugby, however the site is isolated from nearby sites due to the railways. The site currently doesn't appear to be under any use.
- 7.127 Access to the site is very poor with access via a very narrow road which passes through a tunnel under the railway to the north east of the site which is not suitable for vehicular traffic. We consider that this is likely to constrain development potential.
- 7.128 **Recommendation: Development of the site is restricted due to its inaccessible location between two railway lines. Access to the site is very poor. We consider that this would constrain market demand for employment use.**

### Coton Park East



Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
15	15	Greenfield site

7.129 Coton Park East comprises land to the east of the Central Park employment area and directly south of the M6. The site and surrounding land is currently used as open agricultural land.

7.130 The site is currently undeveloped and could potentially comprise an expansion of the employment uses at Central Park, subject to detailed investigation including landscape impact. The Central Park site appears to be being built out in tranches from west to east along Castle Mound Way and Central Park Drive. There is scope for the natural continuation of these roads to provide access to the Coton Park East site.

**Recommendation: The site could represent a natural extension to the employment uses at Central Park which has now largely been built out. The site benefits from proximity to the M6 and A426 as well as the existing employment uses at Central Park and Rugby Gateway sites. Recommend consideration of the site for employment uses, subject to market demand, viability, and impact analysis.**

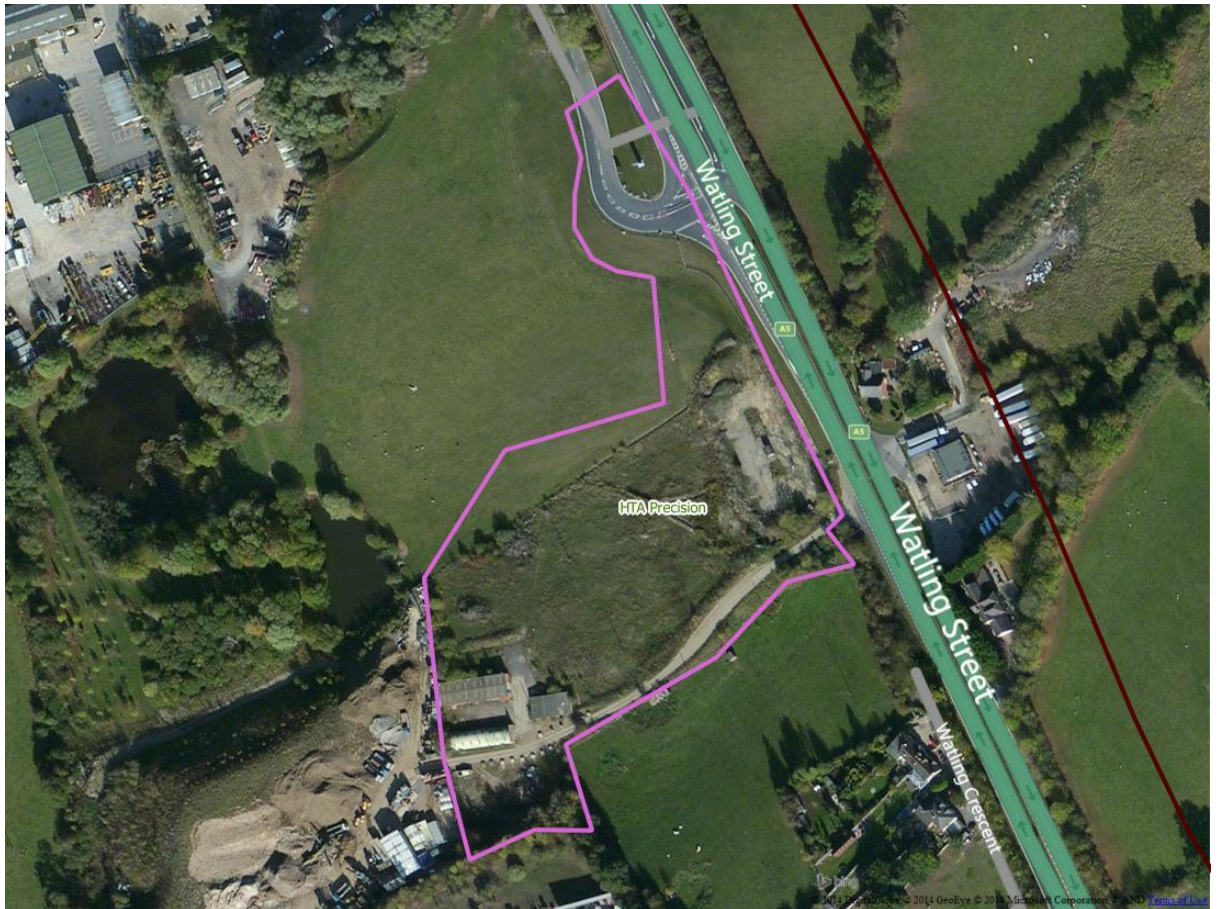
**Boots Farm**



Site Area (ha)	Vacant Area (ha)
2.2	None

- 7.131 Converted farm site located in a rural location on the B4453 approximately 4 miles south west of Rugby and approximately 1 mile south west of the A45. The site now comprises several medium sized industrial units. The site is a single occupier site occupied by Mitchell Potatoes.
- 7.132 Access to the site is via a narrow access road which may be a potential constraint for HGV use. There is informal vehicle parking at the site.
- 7.133 The use of the site for employment uses (B1/B2/B8) was granted by planning permission R10/1247 which was approved in November 2012. However this planning application was retrospective and the site appears to have been used for employment uses for some time prior to this.
- 7.134 **Recommendation: Modest sized single occupier site in rural location. The site is occupied and well used. Continued use of the site depends on the operations of the occupier but there is no reason to safeguard employment uses at the site. No specific policy response is considered necessary.**

**HTA Precision Ltd**



Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
3.2	3.2	Brownfield site

7.135 Brownfield site located on the A5 in a rural location to the north east of Rugby. Although the site is located close to the north by the M6 there is no motorway access in the immediate vicinity of the site.

7.136 Planning permission (ref R13/1751) was granted in December 2013 for the redevelopment of the site to deliver 2 units under use classes B1c/B2/B8 uses and associated works. This was an extension of time limit for implementation of planning permission R10/0103, approved September 2010. We would anticipate that demand would principally be for B2 and B8 uses.

7.137 The site is located to the south of the potential Europark extension site which is currently undeveloped. The extant permission allows a new site access to be created off the existing Europark access road. This means the HTA Precision site could form part of a wider expanded Europark site.

7.138 **Recommendation:** There is an extant planning permission in place for employment uses at the site. This was originally granted in 2010 is yet to be implemented. The site, along with the land to the north, could comprise a wider extension to the Europark site subject to market demand. There are however more attractive locations in the Borough for employment development.

**Keller Ltd**



Site Area (ha)	Vacant Area (ha)
3.1	None

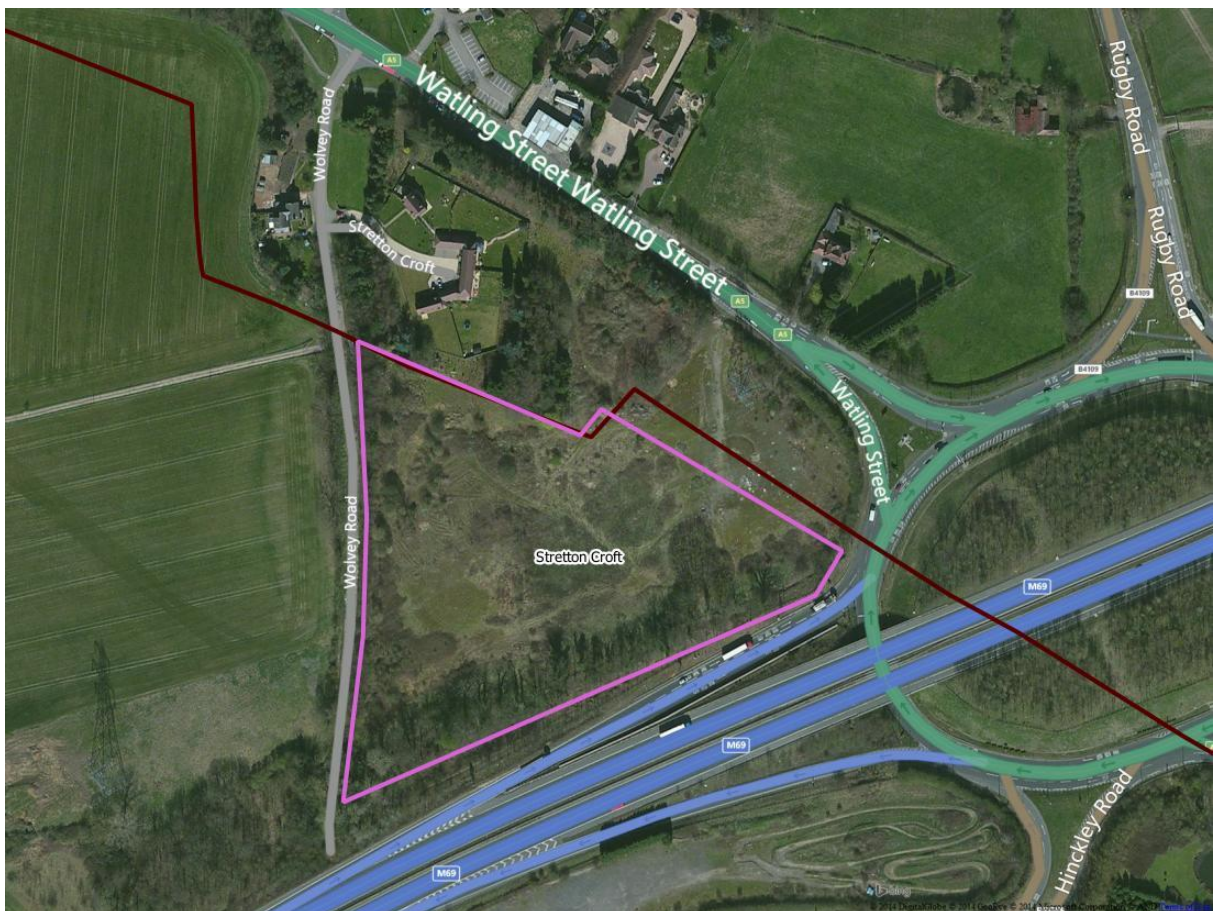
7.139 Rural site located on the A423 to the east of the junction with the A445. The single occupier site is occupied by Keller Ltd and comprises an office building to the front (south) of the site with larger industrial / warehouse units and open vehicle storage to the rear.

7.140 The site is in a good location, fully occupied, operational, and apparently well used. Planning permission (ref R10/2283) was granted in April 2011 for the erection of 3 new industrial units within the site and installation of a mezzanine floor within the existing stores building cumulatively

providing an additional 1040 sq.m of floorspace. Any further redevelopment / intensification of existing uses would be down to the operations of the current occupier.

- 7.141 **Recommendation: Modest sized single occupier site in rural location. The site is occupied and well used. Continued use / intensification of use of the site depends on the operations of the occupier but there is no reason to safeguard employment uses at the site. No specific policy response is considered necessary.**

**Stretton Croft**



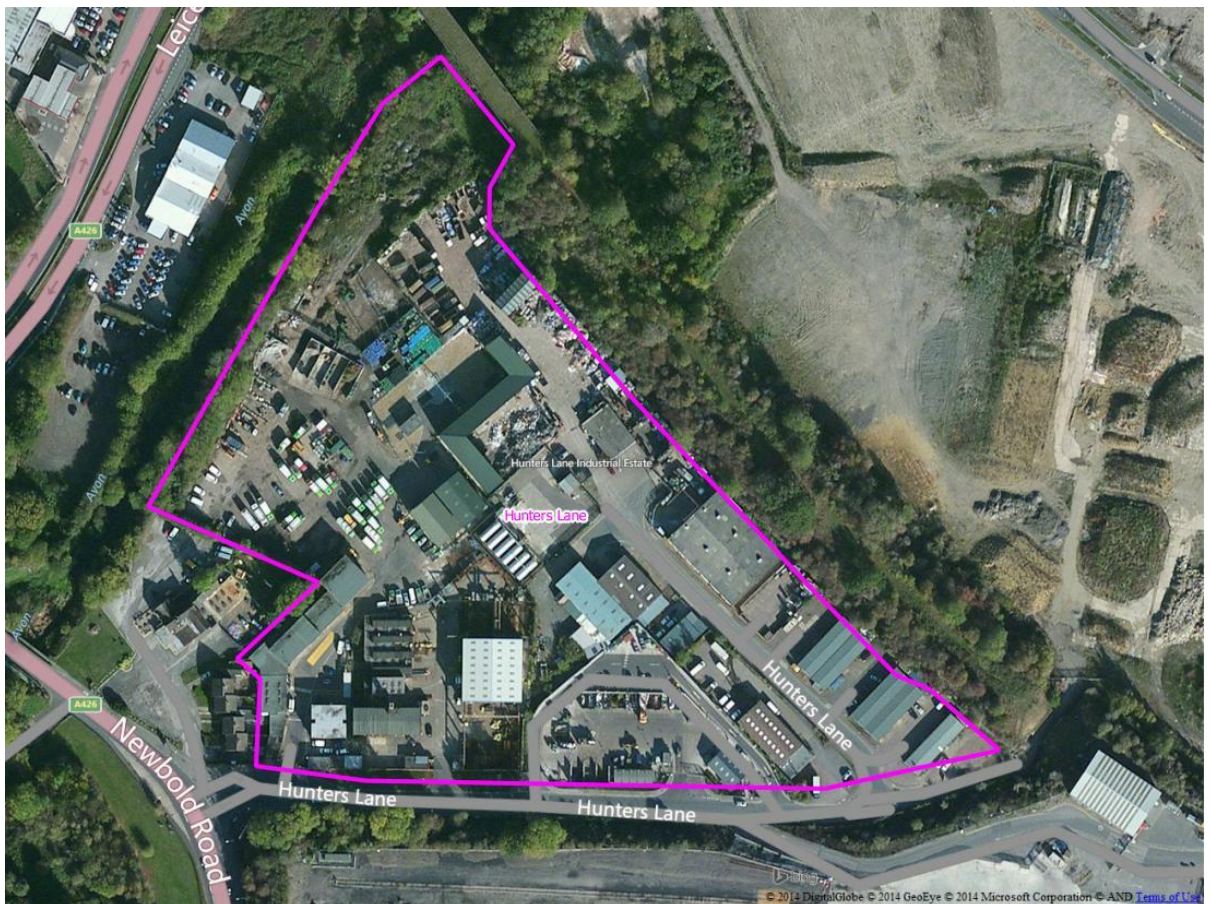
Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
3.1	3.1	Greenfield site

- 7.142 Greenfield site located at the southern edge of Burbage. The site is located to the west of junction 1 of the M69 and is just off the A5. The greenfield site is currently not in use and is fairly overgrown with thick overgrowth / trees. The site is bounded to the south by the motorway and the north east by the A5, there is open agricultural land to the west and a few residential dwellings to the north. There are no other employment uses in the vicinity.

- 7.143 Planning consent was granted at appeal in August 2013 for a mixed-use scheme comprising B1 floorspace, C3 Hotel and A3 ancillary retail.
- 7.144 Access to the site is via Wolvey Road – a small road off the A5 which rapidly degrades in quality. To bring the site into use this access would require improvement. There is an electricity pylon on the eastern edge of the site and overhead power lines cross the site.
- 7.145 This site is well located in respect of the motorway network. Demand for hotel development may be influenced by existing provision at Hinckley Island. We consider that the market for B1a floorspace at this location would be limited; but that modest provision of B1c floorspace (or B8 floorspace) would be feasible.

**Recommendation: An extant planning consent. Whilst potentially an attractive location for B8 floorspace, this is not included within the current consent for mixed-use development. Will serve and should relate principally to a Hinckley-focused market.**

#### Hunters Lane, Rugby

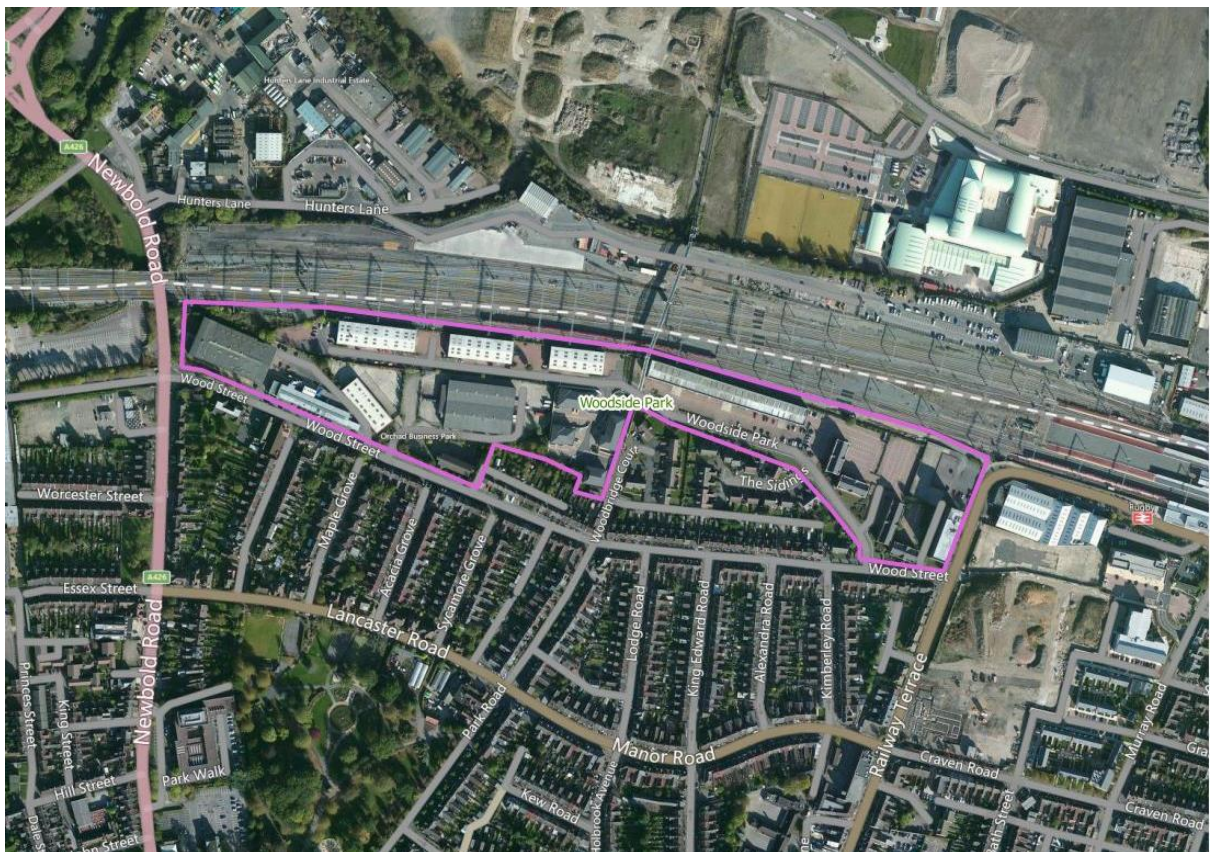




Site Area (ha)	Vacant Area (ha)
4.6	None

- 7.146 Local industrial estate located off and accessed from the A426 to the north of the main line railway in Rugby. The site accommodates a range of B1c, B2, and Sui Generis waste / recycling uses. The site provides lower quality accommodation and poor environmental quality.
- 7.147 The site is well occupied with significant representation of waste / recycling uses including Council depot, household waste recycling centre and Watson Fuel delivery depot. There is also an area of small single storey B1c workshop units, which are quite well occupied but of generally low quality.
- 7.148 Planning permission (ref R10/0949) for various works, including the erection of a 419 sq.m workshop unit, was granted in January 2011.
- 7.149 **Recommendations: The site is in a good location and provides cheap, small scale provision to meet local needs and is well occupied. Recommend supporting continued employment and waste / recycling uses at the site.**

**Woodside Park, Rugby**



Site Area (ha)	Vacant Area (ha)
7.1	None

- 7.150 Mixed employment area located along the railway within walking distance of Rugby train station. The area is bounded to the north by the railway line and to the south by residential properties. The area comprises a mix of employment uses the Webb Ellis Office Park; Webb Ellis Industrial Estate; The Railings Resource Centre – offices occupied by the NHS; and general industrial units. The majority of these uses are based along, and accessed from Woodside Park. However, some front onto Wood Street which more of a residential road.
- 7.151 The quality of building stock is generally good and the built environment appears well maintained. Internal circulation is good and the majority of units have designated parking areas. Occupancy is mixed – 5 of the 41 units were vacant and being advertised for industrial floorspace ranging from 1,904 to 3,804 sq.ft. The market attractiveness of this site is influenced by its poorer road access, which is particularly affected by the rail line.
- 7.152 Approximately half of the office units at the Webb Ellis Office Park are vacant and being advertised for 2-4,000 sq.ft. We understand that Prior Approval has been sought for conversion of these units to provide residential accommodation.
- 7.153 **Recommendation: Generally good quality mixed employment area in urban location. Recommend supported continued use of the area for employment uses.**

### Tribune Trading Estate



Site Area (ha)	Vacant Area (ha)	Nature of Vacant Land
7.1	4.0	Brownfield land

- 7.154 Part developed, part vacant site located on the southern edge of the south of the large employment area on the northern edge of Rugby, just to the north of the A426.
- 7.155 At the south western corner of the site are two car dealerships. At the north east corner of the site is an electricity substation. The remainder of the site (approximately 4 ha) is vacant and cleared. The site is generally flat.
- 7.156 Vehicular access to the site is already in place via Forum Drive off Consul Road. There is also potential access from Old Leicester Road although this would require improvements. Access onto these roads from the A426 is from the northbound carriageway only.
- 7.157 To the west and south of the site are a number of retail park developments. Over the years, a number of planning permissions have been granted for retail development at the site. The most recent of these permissions - R11/1735 and R11/0224 – were granted in 2011 but has since lapsed.

- 7.158 We understand that the site is controlled by administrators. This is a prominent site and in commercial terms, the site would be attractive for retail, leisure or car showroom activities. The planning implications of this in respect of retail capacity are considered separately and not dealt with in this report. Small scale industrial units could be supported.
- 7.159 **Recommendation: The site is in a sustainable location on the A426 and close to existing employment uses. This prominent site is most likely to be attractive to retail, leisure and car showroom uses, but could include provision of B1c light industrial units as part of a mixed-use scheme subject to market demand.**

## 8 SUPPLY-DEMAND BALANCE

8.1 In this section we consider the balance between supply and demand for employment land over the plan period to 2031. We consider the existing supply of land on current employment sites and extant allocations or commitments. We consider the supply and demand in both quantitative terms, in regard to the hectares of land required and available; and in qualitative terms, examining the fit between the nature of the employment land available and that which the market requires. This takes account of the site assessments, the quality of existing employment land and the needs of different types and sizes of businesses.

### Overall Quantitative Assessment

8.2 The quantitative assessment of employment land requirements set out in Section 6 outlined a need for between 96 – 128 hectares of land for the 2015-31 period to meet needs of Rugby Borough. This excludes land on Regional Logistics Sites (RLS) and provision on sites close to Coventry which are targeted principally at meeting Coventry's needs.

8.3 We set out below what we would consider to be the current deliverable supply of land to meet this need. The sites identified provide potential for around 78 hectares of land.

**Table 18: Current Deliverable Land Supply, 2015**

	Hectares	Principal Uses	Status
<b>Rugby Gateway</b>	36	B2, B8	UC
<b>Central Park</b>	6.23	B1, B2, B8	UC
<b>Somers Road</b>	0.7	B1, B2, B8	V
<b>Paynes Lane</b>	2.2	B1, B2, B8	V
<b>Europark</b>	0.4	B2, B8	V
<b>Shilton Industrial Estate</b>	0.5	B1, B2, B8	V
<b>HTA Precision</b>	3.2	B1c, B2, B8	PP
<b>Rugby Radio Station</b>	29	B1, B2, B8	PP
<b>Total</b>	78.2		

8.4 The supply identified sites within the range identified for employment land need. To meet the higher end of the range, the Council might consider identification of up to an additional 50 hectares of employment land to meet local needs over the period to 2031.

8.5 In addition to the sites listed in Table 18, Malpass Farm is currently under redevelopment to B2 use. The development at this 10 ha site is expected to deliver only 25 additional permanent jobs. This represents a very low jobs density and one which is much lower than the level assumed in the employment land requirement forecasts in this report. To include this site in the supply would mean under delivery of employment jobs. Therefore we have excluded this site from the deliverable supply.

- 8.6 The Council will also need to work with Coventry City Council and other authorities within the sub-region to consider if there is any shortfall in employment land provision which might need to be addressed. Development potential of sites on the edge of Coventry, including the Hillfields Farm site, should be considered taking account of the potential growth of Coventry.

#### **Qualitative Supply-Demand Balance**

- 8.7 It is also appropriate to consider the supply-demand balance in qualitative terms; taking account of market signals and considering the fit between the demand forecasting for different types of employment development and the existing portfolio of employment land.
- 8.8 The demand evidence points to a modest need to identify land for B1a or B1b floorspace. Viability is likely to restrict development potential in the short-to-medium term.
- 8.9 The greatest potential for B1 development in the Borough is likely to be on sites located close to Coventry; but this will principally meet a need from Coventry-focused businesses and should be considered taking account of the supply-demand balance in Coventry.
- 8.10 In respect of industrial floorspace, our analysis identifies a gap in sites capable of accommodating provision of industrial floorspace (B1c, B2 and ancillary B8) of between 5,000 – 50,000 sq.ft. Within this the main gap in supply is of sites capable of accommodating units of 5,000 - 20,000 sq.ft (465 – 1850 sq.m). There is a particular need for provision of sites capable of accommodating demand from firms requiring space within these size bands.
- 8.11 Land at Rugby Radio Station may contribute to addressing the supply shortfall in this area, but the Council should consider identifying a number of additional sites of between 2 – 4 hectares.
- 8.12 In respect of larger scale ‘big box logistics’ development, this is a sub-regional market. The Borough has a number of key sites which can be expected to contribute to supply in the short-term including Rugby Gateway and Central Park (and plots at Prologis Ryton). Rail linked provision is being brought forward at DIRFT.
- 8.13 There is a shortage of land to meet needs from this market segment in the sub-region in the medium and longer-term. However a number of sites have been put forward to meet this need, including the land adjoining Coventry Airport the allocation of which is proposed in the draft Warwick District Local Plan. This, if consented, will help to address the gap in provision catering for the needs of this market segment.

## 9 CONCLUSIONS

- 9.1 In this final section we set out our emerging conclusions regarding the need for and supply of employment land in Rugby Borough.
- 9.2 To meet the needs of Rugby, we consider that provision of between 100 - 130 hectares (rounded) of employment land is needed (covering the 2015-31 period). This can be split as follows:
- Up to 10 hectares for B1a/b development;
  - Between 20-25 hectares for B2 development;
  - Up to 95 hectares for B8 warehouse/ distribution development.
- 9.3 The available land supply provides around 78 hectares of land. This means that provision of up to 50 hectares of new employment land provision might be considered in the forthcoming Rugby Borough Local Plan.
- 9.4 In qualitative terms, there is a gap in provision of sites capable of accommodating industrial units up to 1,850 sq.m in particular, and some industrial/ distribution uses of up to 5,000 sq.m. New allocations should particularly focus on addressing these needs. We consider that this would best be delivered through allocating a number of smaller employment sites focused on meeting local needs, rather than large tracks of land which are more likely to attract larger B8 occupiers.
- 9.5 Land within the Borough close to Coventry focuses principally on meeting Coventry's needs. There has been strong recent/ current take-up of land at both Ansty Park and Prologis Ryton. These sites can be expected to be predominantly completed in the next few years. The feasibility of bringing forward additional land needs to take account of land supply within/ around Coventry, and the potential to provide suitable access to open up new sites together with policy constraints such as Green Belt.
- 9.6 This Employment Land Study has focused on meeting identifying and responding to local and sub-regional need. The Council will need to continue to work with other local authorities to consider issues related to provision of rail-linked Regional Logistics Sites.

### **Planning Policies relating to Existing Employment Sites**

- 9.7 In addition to establishing policies regarding future employment land provision, the Local Plan needs to set out a clear policy framework in regard to existing employment sites. This Employment Land Study has included a review of exiting employment land supply, considering the market attractiveness and deliverability of development at these locations.

- 9.8 With the exception of those existing employment sites identified above as having potential for redevelopment or rationalisation, there is a strong case for the protection of other employment sites assessed within the Borough for B-class employment or related activities.
- 9.9 We would recommend implementing a policy setting a presumption against redevelopment for alternative uses unless key criteria/ policy tests can be met justify any release of existing employment land.
- 9.10 However there are a selected number of sites where we consider that allowing a wider range of employment generating uses, including *sui generis* uses, could be beneficial in supporting investment. These are identified below.
- 9.11 In addition we have sought to disaggregate the prime/ strategic sites within the Borough, from those which meet local employment land needs.

**Table 19: Recommended Approach to Employment Sites**

Type	Site Name	Uses	Permit wider Employment Generating Uses
<b>Strategic</b>	Prologis Ryton	B1, B2, B8	
	Rolls Royce	B1, B2, B8	
	Rugby Gateway	B2, B8	
	Ansty Park	B1 (B2)	
	Central Park	B1, B2, B8	
	Swift Valley	B1, B2, B8	
	Valley Park	B1, B2, B8	
	Rugby Radio Station	B1, B2, B8	
<b>Local</b>	Malpass Farm	B2	
	Butlers Leap (including Arches and Avon Industrial Estates)	B1, B2, B8	
	Dunchurch Trading Estate	B1, B2, B8	
	Glebe Farm	B1, B2, B8	
	Lawford Heath	B1, B2, B8	
	Midland Trading Estate	B1, B2, B8	
	Cement Works	B2	
	Shilton Industrial Estate	B1, B2, B8	
	Somers Road	B1, B2, B8	Y
	Swift Park	B1, B2, B8	
	Paynes Lane	B1, B2, B8	Y
	Europark	B1, B2, B8	
	Alba Site	B1, B2, B8	
	Hunters Lane	B1, B2, B8	Y
Woodside Park	B1, B2, B8	Y	



- 9.12 The CSW Sub-Region Employment Land Study produced by DTZ provided a suitable set of ‘tests’ which we consider remain relevant. Drawing on this, we consider the following tests appropriate to assessing the potential for release of employment land:
- A. Is the site allocated for employment land? The assumption is that allocated sites are protected.
  - B. Is there an adequate supply of allocated employment sites of sufficient quality in the locality (the relevant settlement within the District) to cater for a range of business requirements?
  - C. Is the site capable of being serviced by a catchment population of sufficient size? What is the balance between population and employment in the relevant area settlement? What might be the impact of employment loss on commuting patterns? Would there be a detrimental impact on the local economy from loss of the employment land?
  - D. Is there evidence of active marketing? We would recommend a requirement for active marketing for 2 years. How does the size and quality of space provided match local demand, taking account of market conditions and expected future economic trends?
  - E. Could employment redevelopment be brought forward, taking account of site characteristics (including physical factors, accessibility and neighbouring uses) and would redevelopment be viable? If employment redevelopment is not viable, could mixed use redevelopment be brought forward?
  - F. If firms are likely to be displaced through redevelopment, is there a supply of alternative suitable accommodation in the locality to help support local businesses and jobs? Would this promote or hinder sustainable communities and travel patterns?

#### **Wider Actions to Support Economic Growth**

- 9.13 In addition to land and planning-based measures, the Council can work with other stakeholders, including the Local Enterprise Partnership (LEP) and County Council, to promote economic development. This includes addressing barriers to business growth in regard to infrastructure – including highways and broadband infrastructure – and skills development.
- 9.14 The focus of this report has been on considering employment land provision to meet local needs. It will be important that in addition to this the Council engages actively in planning for and supporting the development of strategic employment land provision across the LEP area, working with other local authority at this level.
- 9.15 The Coventry and Warwickshire LEP is currently considering undertaking work to address strategic employment land provision over the LEP area, which covers the local authorities within Coventry

and Warwickshire, including Rugby. This would seek to align housing and employment growth strategies at the sub-regional level.

### **Monitoring & Review**

- 9.16 In accordance with good practice in planning, it will be important that both demand and the supply pipeline of employment floorspace are kept under review. On-going monitoring should address trends in take-up and availability of employment floorspace and rental levels as well as key indicators related to overall growth in employment, sector performance and skills.
- 9.17 Should there be a material change in the long-term economic outlook then it may be appropriate to revise demand forecasts for employment floorspace and land. On the supply-side the Council to seek to ensure that a 5-year supply of deliverable land is maintained based on past completions.
- 9.18 On-going monitoring and review should inform decision making in line with a 'plan-monitor-manage' approach.

## APPENDIX A: STAKEHOLDER ENGAGEMENT

### Stakeholder Workshop Attendees

Coventry City Council
Daventry District Council
Harborough District Council
Warwickshire County Council - Economic Development
db Symmetry
Richard Utley Ltd (Europark)
Oxalis Planning (on behalf of Roxhill Developments)
Urban and Civic

### Other Stakeholders Meetings/ Telecons

Daventry City Council
Coventry City Council
Coventry & Warwickshire Local Enterprise Partnership
D&P Holt