

Cabinet
Council

4th October 2016
11th October 2016

Name of Cabinet Member:

Cabinet Member for Community Development – Councillor L Bigham

Director Approving Submission of the report:

Executive Director of Place

Ward(s) affected:

All Wards could be affected indirectly due to the on-going development of the Local Plan.

Title:

Memorandum of Understanding Relating to the Planned Distribution of Employment Land within the Coventry & Warwickshire Market Area

Is this a key decision?

Yes - The proposals within the report could have a significant impact on residents or businesses in two or more electoral wards.

Executive Summary:

The Memorandum of Understanding (MoU) attached at Appendix 1 was presented to the Coventry, Warwickshire and Hinckley and Bosworth Joint Committee (CWHJC) at its meeting on 21st July 2016. For the avoidance of doubt however the report only relates to the six local authorities of Coventry and Warwickshire (Coventry City, Rugby Borough, Warwick District, North Warwickshire Borough, Stratford on Avon District and Nuneaton and Bedworth Borough). The MOU was accompanied by a covering report (also part of Appendix 1) which recommended the MOU be endorsed by each of the six authorities

The MOU seeks to ensure the current employment land requirements of the Coventry and Warwickshire sub-region are planned for in full during the current round of Local Plans. In doing so it primarily responds to the fact that Coventry City is unable to accommodate its full employment land requirements within its own boundaries. In this respect it is similar to the housing requirements MOU which was agreed at the Joint Committee in September 2015 and endorsed by the City Council in January 2016. It is also a vital component of the city's ability to demonstrate its responsibilities under the Duty to Cooperate are satisfied in relation to the delivery of employment land.

The MoU has been jointly developed over the course of 2016 by all six authorities with further support from Warwickshire County Council and the Coventry and Warwickshire Local Enterprise Partnership (CWLEP). Its development has been supported by an

officer and member reference group of the CWHJC. It has been informed by updated evidence of economic growth forecasts and land requirements at a range of geographies across the sub region. It contains points of agreement that relate to the quantum of employment land that should be distributed across the sub-region. This distribution supports both demographic and workforce growth, market signals and demand as well as considering commuting flows between the six authorities and opportunities to combat deprivation.

The MoU therefore proposes the following distribution of employment land requirements to be taken forward into plan making.

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

The MOU was supported by all relevant Members of the CWHJC.

As part of this agreement, the CWHJC sought a formal commitment from each of the individual Local Authorities represented to formally endorse the MOU by the end of October 2016. This is with a view to supporting the timely progression of Local Plans (including our own) and the Council’s responsibilities under the Duty to Cooperate. This report requests such endorsement.

Lastly the report also provides an update on the housing requirements MOU. This update confirms that all authorities have endorsed the MOU with the exception of Nuneaton and Bedworth Borough Council who are continuing to review their land capacity in advance of potentially signing the MOU later this year.

Recommendations:

The Cabinet is requested to:

- (1) Recommend that the Council endorses the Memorandum of Understanding relating to the planned distribution of employment land within the Coventry & Warwickshire sub-region attached at Appendix 1.

The Council is recommended to:

- (1) Endorse the Memorandum of Understanding relating to the planned distribution of employment land within the Coventry & Warwickshire sub-region attached at Appendix 1.

List of Appendices included:

Appendix 1 – Report to the Coventry, Warwickshire and Hinckley and Bosworth Joint Committee (CWHJC) – 21st July 2016 including the proposed Memorandum of Understanding.

Background papers:

None

Other useful documents:

- The report to the Shadow Economic Prosperity Board and accompanying appendices are also available via the following web link:
https://www.rugby.gov.uk/info/20086/partnerships/265/coventry_warwickshire_and_hinckley_and_bosworth_joint_committee_for_economic_growth_and_prosperity
- The Cabinet Report which considered the Housing Requirements MOU is available via the following web link:
http://www.coventry.gov.uk/downloads/file/19616/lp12_coventry_city_council_cabinet_council_report_-_jan_2016_-_candw_mou
- The Council's emerging Local Plan is available via the following web link:
http://www.coventry.gov.uk/downloads/file/19583/lp1_coventry_local_plan_publication_draft_2016
- The Council's Employment Land Review and other employment based evidence documents can be accessed via the following web link:
http://www.coventry.gov.uk/downloads/download/4086/coventry_local_plan_2016_examination_library_jobs_and_employment

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Yes – 11th October 2016

Report title: Memorandum of Understanding Relating to the Planned Distribution of Employment Land within the Coventry & Warwickshire Market Area

1. Context (or background)

- 1.1 Appendix 1 is a copy of the report and Memorandum of Understanding (MoU) considered by the Coventry and Warwickshire and Hinckley and Bosworth Joint Committee (CWHJC) at its meeting held on 21st July 2016. Although the (CWHJC) includes the Local Authority area of Hinckley and Bosworth, the report only relates to the six authorities within Coventry and Warwickshire, which make up the sub-region for the purpose of this report.
- 1.2 The report responds to the principal issue of Coventry City being unable to accommodate its full employment land requirement within its own boundaries. As such, the report sets out a robust, justified and transparent process for redistributing employment land provision from the city to enable each authority to appropriately plan for this requirement in full.
- 1.3 This is a vital component of the city's ability to demonstrate its responsibilities under the Duty to Cooperate. National planning guidance requires Local Authorities to meet their development needs in full within their own boundaries. Where this cannot be achieved alternative plans need to be put in place with neighbouring authorities (through the Duty to Cooperate) to ensure those needs are planned for positively. This relates to all strategic matters including housing and employment land and provides the basis for this MOU.
- 1.4 In view of the significance of this matter, it was accepted that all the constituent authorities should be asked to formally endorse the MOU. This is clearly set out in recommendation 2 of Appendix 1.

- 1.5 The recommendations presented to the (CWHJC) were set out as follows:

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

Recommendation 2: Agree that each of the six Local Plan Authorities within Coventry and Warwickshire will seek to formally endorse the ELMOU by end of October 2016.

Recommendation 3: Note the position update with regard to the Housing Memorandum of Understanding as set out in paragraphs 6.1 and 6.2 below.

- 1.6 With regards to Recommendation 1 of the CWHJC report the MoU has been jointly developed over the course of 2016 by all six authorities with further support from Warwickshire County Council and the Coventry and Warwickshire Local Enterprise Partnership (CWLEP). Its development has been supported by an officer and member reference group of the CWHJC, which has met regularly since February 2016.
- 1.7 The first part of developing the MOU was to consider all available evidence. This was informed by updated economic growth forecasts and land requirements at a range of geographies across the sub region. This has included Local Authority studies and sub-regional studies undertaken by the CWLEP. It also had regard to market demand work undertaken by the West Midlands Combined Authority. Not only did this work inform the MOU, it also underpinned the city's draft Local Plan. The key areas of evidence can be summarised as follows:
 - **Coventry and Warwickshire Employment Land Requirement:** The sum of each District's most recent employment land study suggests the overall quantum of employment land required in Coventry and Warwickshire between 2011 and 2031 is

714 (gross) hectares. This broadly aligns with the Coventry and Warwickshire Employment Land Use Study (CBRE 2015) which suggested up to 660 hectares for Coventry and Warwickshire. With regards the Coventry Employment Land Review and supporting evidence this suggested an employment land requirement of 369ha for the city. This reflects the city's significant population growth projections, which specifically highlights growth within the working age population. This therefore triggers labour growth and greater need for jobs. It also provides an opportunity for the delivery of additional high quality employment land across Coventry and Warwickshire in locations that are attractive to the market and better positioned to support jobs and economic growth of the city.

- **Evidence regarding the Distribution of the Requirement:** The employment land studies undertaken by each District provide the basis for how this requirement should be distributed between the six local authorities. Details of this are set out in column A of Table 2 (below) and within Table 1 of the MOU. This confirms that Coventry's employment land requirement equates to 369ha (gross) between 2011 and 2031.
- **Availability of Employment Land to meet the Requirement:** Assessments of land availability indicate that Coventry is unable to meet its employment land requirement in full within the City boundary and that as a result 241ha requires redistributing to neighbouring authorities.

1.8 Having established the employment land requirements of the sub-region and the unmet need arising from Coventry the MOU then needed to consider the process for redistributing this land requirement to other authorities in the most justified, appropriate and sustainable way. This was undertaken through a range of stages which are detailed in part 4 of Appendix 1, but can be summarised as follows:

- a) **Consideration of sustainability principles** – this mirrored the high level spatial analysis undertaken for the housing redistribution approach and recognised the benefits that could be generated by focusing development in areas that were well connected and easily accessed to and from the city.
- b) **Commuting Flows** – this considered the commuting flows between Coventry and each of the Warwickshire Districts. It utilised the same commuting flows that informed the housing distribution agreed in 2015 and were informed by national census data.
- c) **Alignment with the Housing MOU (2015)** – this took account of both the commuting and migration flows that informed the housing redistribution methodology. This allowed consideration to be given to where homes would be built in the future and the opportunities that may exist to align housing and employment delivery. This is with a view to supporting sustainable communities, minimising the need to travel and promoting sustainable modes of transport. An appendix to the Employment Land MOU itself highlights the statistical process that was followed in this respect. In short it calculated a hectare of employment land per house and applied this to the total level of housing redistributed to each Warwickshire authority.
- d) **Market Signals** – National guidance requires employment provisions to take account of market demand and interest as well as market behaviour that may not be picked up in current trend based projections (otherwise known as market signals). The evidence from market signals currently points towards a number of key factors which include:
 - Pressures for B8 uses close to the trunk road network and particularly the motorway network to the north and east of the sub-region;
 - Pressures for B2 uses, particularly associated with the automotive sector, in the central and southern parts of the sub-region;

- Concerns about a lack of “oven ready” sites for expansion and relocation of businesses across the sub-region;
 - Importance of close links to both universities;
 - A lack of high quality office space which is being combatted by Friargate proposals; and
 - The draw of JLR and demand for sites to support close supply chain location etc.
- e) **Unemployment and Urban Regeneration** – Sub regional evidence had suggested that new employment and job opportunities should be focused in areas of higher deprivation to help promote urban regeneration, enhance access to employment opportunities and combat deprivation characteristics. Evidence has shown Coventry to be the most deprived area within the sub-region and as such opportunities to locate new employment land provision within or in close proximity to the city boundary should be maximised. Such an approach also mirrors the aims of the CWLEP’s Strategic Economic Plan.
- f) **Existing completions, commitments and proposed allocations** - since the commencement of the plan period in 2011 there has been a range of development activity across the sub-region. This needs to be considered as it helps to evidence market interest and site deliverability. The Table below highlights three key examples of schemes that are actively progressing on the city’s boundary and which will contribute towards the city’s employment land needs.

Table 1

Site	Area	Progress
Ansty Park	41 ha	12ha is now complete with 29ha either under construction or not started
ProLogis Ryton	57 ha	30ha is now complete with 27ha either under construction or not started
Land in the vicinity of Coventry Airport	117 ha	Site is proposed for allocation within the Warwick DC Local Plan. Part of this site has recently been granted planning permission for Whitley South
Total	215 ha	

1.9 The table below highlights the final proposed redistribution of employment land across Coventry and Warwickshire. It shows that the city’s unmet need will be delivered within the three authorities that share the strongest commuting relationship with the city and where opportunities to bring forward employment land in close proximity to the city boundary clearly exist.

Table 2

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

- 1.10 Recommendation 2 of the CWHJC report seeks the formal commitment from each of the individual Local Authorities represented to formally endorse the MOU by the end of October 2016. This is with a view to supporting the timely progression of Local Plans (including our own) and the Council's responsibilities under the Duty to Cooperate. This report requests such endorsement.
- 1.11 Recommendation 3 of the CWHJC report is associated with an update on the housing requirement MOU. This update confirms that with the exception of Nuneaton and Bedworth Borough Council (NBBC) all authorities have endorsed the MOU and are committed to delivering Local Plans that align with it. In the case of NBBC, they have committed to reviewing their evidence base and review their land capacity as part of the on-going review of the Borough Plan. An updated position is expected in the autumn and it is hoped the MOU could be signed later this year.

2. Options considered and recommended proposal

- 2.1 There are only 2 realistic options considered available in relation to this report.
- 2.2 The first is to refuse to endorse the recommendations of the CWHJC (at Appendix 1). This option would cause significant issues in relation to the Duty to Cooperate and mean an alternative approach would need to be investigated for meeting the employment land requirements of Coventry and Warwickshire. Under such circumstances the examination of Coventry's Local Plan could be suspended and endure significant delays whilst matters were resolved. This raises further risk of unplanned developments within the city boundary and would delay the delivery of new employment land (and homes) to meet the city's development needs in the most sustainable way. It would also introduce notable risks around the Council's ability to discharge its Duty to Cooperate responsibilities with its Warwickshire neighbours in relation to other strategic issues. This option is not recommended.
- 2.3 The second option is recommended through this report and would see the CWHJC MOU endorsed by the City Council. This provides a solid and transparent platform from which to plan for new employment land across Coventry and Warwickshire in the coming years. Endorsement of the MOU at Appendix 1 will help enable the Council to fulfil its obligations in relation to the Duty to Cooperate and to meet the employment land requirements of the sub-region, as required by national planning policy.

3. Results of consultation undertaken

- 3.1 The report at Appendix 1 has been developed in order to support the continued progression of Local Plans across Coventry and Warwickshire. It builds upon the Housing Requirements MOU approved by the CWHJC in September 2015 and by this Council in January 2016 and is intended to give greater certainty over strategic employment land issues. As part of the Coventry Local Plan process there is no requirement to consult on this MOU as the implications for Coventry are reflective of the policy basis set out in the Council's Submission Draft Local Plan (submitted to the Secretary of State in April 2016)
- 3.2 Notwithstanding, It has been presented to the CWHJC at its July 2016 meeting, which is a publicly accessible arena and the MOU will form part of the papers made available to support the on-going examination of the Coventry Local Plan. As such, this MOU will be subject to consideration and scrutiny by the independent Planning Inspector overseeing the city's Local Plan examination. It will also be subject to wider consultation activity across Warwickshire as part of forthcoming engagement for Plans in Rugby Borough, North Warwickshire Borough and Nuneaton and Bedworth Borough.

4. Timetable for implementing this decision

- 4.1 Subject to approval by Cabinet and Council, this MOU will provide a firm basis from which to continue the development of Local Plans in Coventry and Warwickshire. It will be submitted to the independent Inspector overseeing the public examination of the Coventry Local Plan with immediate effect and will help to demonstrate that the city is working positively and proactively with its neighbours to meet the requirements of the Duty to Cooperate and the employment land needs of the sub-region. On this basis, Coventry City Council would hope to have an adopted Local Plan by June 2017.

5. Comments from Executive Director of Resources

5.1 Financial implications

There would be financial benefit to the Council through the increase in business rates generated as a result of the growth within the Coventry boundary identified in this report. Whilst such growth will place pressure on key services and longer term maintenance programmes, it will allow the Council a degree of financial flexibility to spread the cost over a larger number of properties. Growth related to employment land outside of Coventry would not necessarily generate business rates as it would depend on any pooling arrangements in place at the time.

It should also be noted that any employment land development will require planning permission which could attract a s106 and/or CIL contribution from developers, which could be required to offset the additional pressures placed on the Council through development.

5.2 Legal implications

Section 33A of the Planning and Compulsory Purchase Act 2004 (as introduced by the Localism Act 2011), associated regulations, the National Planning Practice Guidance (2014) and paragraphs 178-181 of the National Planning Policy Framework (2012) set out the requirements in relation to the Duty to Cooperate. In order to progress a sound Local Plan Coventry must discharge its responsibilities with regards this 'duty', which relates to strategic aspects of planning, of which employment land delivery is included.

The NPPF is clear that the employment land requirements of the sub-region (and respective constituent authority parts) must be met. Where needs cannot be met within an authority's administrative boundaries then they must engage through the Duty to Cooperate to ensure they can be met within other authority areas. Only where certain constraints exist and cannot be overcome can an authority justify need not being planned for. It is considered that the work undertaken across Coventry and Warwickshire to date, and the proposals made in Appendix 1 represent clear evidence of continued efforts of all represented authorities to discharge this responsibility. This reflects the city's lack of developable land options and helps to ensure that the 'duty', especially in relation to employment land provision is being met. The development of the MoU will subsequently be of significant benefit at the Council's Local Plan examination and will help ensure the city can demonstrate its full employment land requirements are being planned for.

The Council's responsibilities under the Duty to Cooperate do not end here however. The Council will need to continue active, constructive and on-going cooperation with its neighbouring authorities and key stakeholders in order to ensure appropriate plans are put in place in relation to wider development needs, infrastructure and Green Belt policy. Plans will also need to ensure that all reasonable alternative development options have been considered.

6. Other implications

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

- A prosperous Coventry: The delivery of new employment land within and around Coventry will help to support the growth of the city's economy and attract investment to the sub-region.
- Citizens living longer, healthier, independent lives: Striking a balance between providing new homes and jobs as well as protecting the most sensitive and highest value green spaces will help to make Coventry a healthier city, encouraging better quality employment provisions and built environment. It will also make provisions for more accessible job opportunities across all parts of the city.
- Making Coventry an attractive and enjoyable place to be: Striking a balance between providing new homes and jobs as well as protecting the most sensitive and highest value green spaces will help to make Coventry an attractive and enjoyable place to be.
- Providing a good choice of housing: The provision of good quality employment land will support inward investment into Coventry and support the wider needs of a growing population and workforce through the provision of more jobs. This will support the wider delivery of new homes.
- Making places and services easily accessible: The location of new employment land provisions will be planned alongside new infrastructure (including new and existing homes). This will help to ensure it is well integrated into existing communities. This will help to ensure improved accessibility to key services and facilities.
- Encouraging a creative, active and vibrant city: Investment in new employment land will support investment in new jobs and economic growth. In turn this will help support improvements to the city centre through a holistic planning process. New development will also help to ensure that new and existing services are viable and accessible.
- Developing a more equal city with cohesive communities and neighbourhoods: The delivery of this level of employment land within and adjacent to the city will represent a step change in delivery for Coventry. This will help to ensure that more people will have greater access to new jobs, leisure provisions and community facilities.
- Improving the environment and tackling climate change: The work undertaken to examine employment land provisions across Coventry and Warwickshire thus far has given consideration to protecting the most sensitive and highest value green spaces. Delivering new employment land across Coventry will, in practical terms, bring about improvements to areas in need of investment, and will protect the most valuable and sensitive areas of green space from inappropriate development.

6.2 How is risk being managed?

When considering work under the Duty to Cooperate there is always a degree of risk

The preparation of this MoU and engagement with the CWHJC has sought to limit the risk associated with both the MOU at Appendix 1 and the support that it provides for employment land delivery and plan making across Coventry and Warwickshire.

The main risk associated with this stage of the Duty to Cooperate process remains that NBBC have not yet fully confirmed their ability to accommodate the 26ha allocated to the Borough. Although an in principle acceptance has been given and the MOU agreed, the MOU does contain a caveat (at Table 2 for example) that links Nuneaton and Bedworth's commitment to further review through their Plan making process. Depending on the outcomes of this work this could result in a need to review the MOU in the 2017.

It is acknowledged that this risk could have impacts on the future of employment land delivery across Coventry and Warwickshire, although it is important to note that the relative proportion is small. Should a need to review the MOU arise however it will be reported back to Council.

There is additional risk around how Local Plans are able to respond to changes in employment land needs, especially as needs grow and the economy of the sub-region becomes increasingly more attractive. The City Council will however work with the CWLEP and its neighbouring authorities to ensure its assessment of employment land needs, jobs growth and market demand remains up to date. This may trigger a need for targeted review of the Local Plan employment policies. If this happens it will be presented to Council.

6.3 What is the impact on the organisation?

No direct impact.

6.4 Equalities / EIA

An equalities and consultation analysis is not considered necessary for this paper. Appropriate work and engagement has been undertaken however as part of the Local Plan.

Notwithstanding, the level of employment land to be delivered in and around Coventry is expected to generate significant economic and social benefits to the city. This will be promoted by urban regeneration and the redevelopment of land currently sitting vacant and derelict. The delivery of new employment land will also support additional opportunities for job creation and the delivery of new infrastructure.

6.5 Implications for (or impact on) the environment

At this point, there are expected to be some environmental impacts brought about by the level of employment land outlined in this report and the likely need to release land from the Green Belt to meet the development needs of the city and its neighbours. This has previously been outlined in the draft Local Plan that was considered by Council in September 2014 and January 2016. The development of the Local Plan to date has included a commitment to protect the city's highest value and most sensitive green spaces. This commitment remains unchanged by this report.

6.6 Implications for partner organisations?

There are no implications for partner organisations that cannot be mitigated or managed through the supporting work that has already been undertaken and will be prepared by the Council as it moves towards adoption of its new Local Plan.

There will however be potential implications for the Council's neighbouring authorities as part of the Duty to Cooperate. The extent of these impacts will largely depend upon the outcome of new evidence associated with capacity, and any subsequent changes to the distribution of employment land. This is however expected to be managed by the respective authorities as they prepare their own Local Plans. These impacts are however

expected to be minimised through the on-going development of a shared and consistent evidence base and will be considered through an active, constructive and on-going process as part of the Duty to Cooperate.

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