



Growth Needs

Background Paper

November 2024



1 Introduction	3
2 Housing growth need	4
3 Employment Growth Need	14
4 Summary	19

1 Introduction

Local Plans must set out their growth needs for a period of at least 15 years from the point at which they are adopted and show how these needs will be delivered. This Background Paper explains how the review of the Local Plan has assessed the amount and type of development needed over the period 2021 – 2041. It is part of a suite of other background papers that explain how policies have been developed. This helps the Council decide where this development will go and what sort of development is needed, as well as developing any policies needed to ensure it is sustainable, well designed and supported by the right infrastructure.

This Paper therefore relates to the review of the Local Plan Chapter ‘Overall Levels of Growth and the Duty to Co-operate’, specifically Policy DS1: Overall Development Needs. A separate Duty to Co-operate compliance paper has been produced to demonstrate how strategic matters, including growth needs, have been considered throughout the Local Plan Review process.

National policy context

The context for assessing growth needs in plan-making is set out in the National Planning Policy Framework (NPPF) and accompanying Planning Practice Guidance (PPG). In compliance with the Planning and Compulsory Purchase Act 2004, plans must identify strategic policies and non-strategic policies, which deal with more detailed matters.

The first stage of the Local Plan Review process was undertaken in summer 2023 when the ‘Regulation 18’ (‘Issues and Options’) consultation was held between 18th July and 29th September. It should be noted that at this time the NPPF was the version published on 20th July 2021, and it was this version under which the consultation documents had been prepared.

Since then, further versions of the NPPF have been launched, in September and December 2023. The latter version is the one under which the Regulation 19 (Proposed Submission) Plan has been prepared and any implications for this are set out in this paper. It should also be noted, of course, that at the time of writing a new NPPF is anticipated having been consulted on by Government in Summer 2024. Whilst the plan has been prepared under the 2023 NPPF, regard has been had to any potential forthcoming changes which might have implications for plan-making and so this is also referenced in the narrative.

Local Context

Coventry City Council’s website provides a detailed [profile](#) about the city (which also includes mapped data). The city has a relatively young, and growing, population which is increasingly ethnically diverse. Deprivation is an issue in some neighbourhoods and whilst the situation is improving there are particular issues and challenges relating to social inequalities. More children in Coventry live in low income families than the national average.

Economically, the city has particular strengths in advanced manufacturing and engineering; energy and low carbon; connected autonomous vehicles; business, professional and financial services; and digital, creative, and gaming. However, despite resilience in terms of spending and other economic activity, Brexit, the Covid-19 Pandemic and the recent cost of living crisis, have all had significant impacts on households and businesses.

In terms of housing and the environment, the 2021 Coventry Household survey showed a general satisfaction of the area as a place to live. As a result of the compact nature of the city, most people live within walking distance of a range of services and facilities including open and green spaces. However, there are significant areas of deprivation where access to services, facilities and open space are poor, pollution levels are high and this reflects in higher levels of dissatisfaction. In addition, housing stock is typically small and old, with just under two thirds having been built before the early 1950s. Many homes are damp and poorly insulated, and expensive to heat. Poor overall health and wellbeing is a particular challenge in the deprived areas of Coventry where life expectancy is shorter and the quality of life is poorer.

The PPG sets out how needs must be assessed to inform plan-making, through the production of a Housing and Economic Needs Assessment. In Coventry and Warwickshire this key piece of evidence has been produced jointly by the Local Authorities of Coventry, Nuneaton and Bedworth, North Warwickshire, Stratford on Avon, Warwick and Rugby because geographically they share a common Housing Market Area (HMA) and a Functional Economic Market Area (FEMA) i.e. their housing and economic circumstances are closely related. This evidence base – and how matters have evolved to inform the review of the Coventry Local Plan (CLP) – is set out in the following chapters.

It should be noted that Policy DS1 of the adopted Local Plan included a quantum of growth for retail needs. It is proposed to remove reference to retail from this policy as part of this review and the explanation for this is set out in the retail background paper.

2 Housing growth need

When the review of the Local Plan was started the 2021 iteration of the NPPF was in place. Paragraph 60 stated; 'To support the Government's objective of significantly boosting the supply of homes, it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay.' Section 5 of the NPPF provided the framework for delivering this objective, and the housing policies of the Local Plan were initially reviewed in this context, along with the National Planning Practice Guidance which provided further elaboration.

In December 2023, new text was added to paragraph 60, clarifying that the overall aim of local authorities, in the context of delivering homes, should be to “meet as much of an area’s identified housing need as possible”.

Under paragraph 61, the revised NPPF also stated that the standard method for calculating housing need, to establish the number of homes required, was now considered as an “an advisory starting point”. Under the previous NPPF, the standard method was not presented in this way and there was no similar explanatory text. The 2023 iteration also expanded upon any deviation from using the national Standard Methodology for assessing housing need having to be through exceptional circumstances: in 2023 paragraph 61 included the addition that such exceptional circumstances could relate to ‘the particular demographic characteristics of an area’.

Notwithstanding the nuanced differences between the two versions, a number of fundamental principles remained unchanged: to significantly boost the supply of homes, to address the needs of groups with specific requirements, to meet as much of an area’s own need as possible, and to plan for an appropriate mix of housing types. Both iterations allowed for exceptional circumstances to be utilised where this could be justified.

Issues and Options (Regulation 18) stage consultation: the evidence base

As mentioned at the start of this paper, the key evidence base at this stage was the HEDNA (November 2022), which was prepared in accordance with the NPPF and associated guidance to assess local need.

As explained in the HEDNA it was necessary to explore the possibility of deviating from the Standard Method for calculating housing need, because the Standard Method was calculated using the 2014-based Household Projections. The Office for National Statistics (ONS) had faced criticism for significantly over-estimating population growth in Coventry and this seemed to be confirmed once the 2021 Census data was published.

The HEDNA therefore utilised the 2021 Census data, alongside other data, to develop a new trend-based projection for the Coventry and Warwickshire authorities. It cited (para 5.15) the Planning Practice Guidance on providing the case for establishing Exceptional Circumstances for deviating from the Standard Method:

"If authorities use a different method how will this be tested at examination? Where an alternative approach results in a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the standard method. This will be tested at examination. Any method which relies on using household projections more recently published than the 2014-based household projections will not be considered to be following the standard method." - Paragraph: 015 Reference ID: 2a-015-20190220 (whole paragraph not replicated)

Taking this into account, the HEDNA then set out (para 5.16) two key considerations where exceptional circumstances should be applied:

- Firstly that demographic data on which projections are based is demonstrably wrong and cannot realistically be used for trend-based projections on which the Standard Method is based; and
- Secondly that demographic trends have changed so much that it is unrealistic to use a set of projections based on information in a trend period to 2014, which is now over 8-years old [at the time of the preparation of the HEDNA]

The HEDNA concluded both of the above factors were relevant. Population growth for Coventry appeared to be systematically over estimated leading to trend-based projections that were demonstrably too high, with a key error appearing to be the recording of students moving in to the City but no recording of them then having moved out (HEDNA para 5.51). It stated that more recent trends in population growth – confirmed by the 2021 Census – showed stronger population growth in many parts of Warwickshire, along with significant deviations from the 2014 data in relation to fertility and mortality rates, again showing how unreliable this 2014 data was in a local context.

It is not the intention of this paper to repeat the detail, this information can be seen in the HEDNA (2022) Chapter 5. However, to summarise, the report set out the issues with ONS data relating to the population profile, components of change, accuracy of estimates, ONS acknowledgement of shortcomings in its methods and recommendations for future analysis and the current lack of official alternatives.

The HEDNA then went on to compare Coventry's data, including population change and dwelling stock growth, with other similar cities and notes significant differences with Coventry being an outlier. It then analysed the Electoral Register and the Patient Register, the continuation of Unattributable Population Change, house prices, the Housing Register, and Claimant Unemployment data. The HEDNA concluded that the data corroborates the position that population has been overestimated.

Having established this position, the HEDNA then went on to establish an alternative approach to assessing local housing need. It set out new ten year trend-based projections for the Coventry and Warwickshire HMA, justifying its reasons for this approach. This included robustness allowing for consideration of Unattributable Population Change (which is calculated over a 10 year period and hard to pinpoint to a particular year) and coverage of a full housing market cycle. Establishing trend based projections included analysis of fertility, mortality, migration, and then a conversion of population estimates into household projections.

The HEDNA then used the revised, and more robust household projections for Coventry and Warwickshire, as a new input to the Standard Method Calculations (rather than using the erroneous 2014 data).

The following paragraphs are replicated here, as they are a useful summary of the conclusions from the HEDNA paras 5.153 to 5.161:

- The NPPF mandates the use of the 2014 subnational household projections (SNHP) in the Standard Method and following the relevant Planning Practice Guidance (PPG) the method shows a need for 5,554 dwellings per annum across the Housing Market Area (HMA).
- The PPG does however allow for authorities to diverge from the Standard Method where this can be justified by exceptional circumstances; any alternative approach should reflect current and future demographic trends (which includes migration) and market signals.
- For Coventry and Warwickshire there is a clear case to support exceptional circumstances (particularly in Coventry). It is clear that population growth in the City has been systematically overestimated by ONS (dating back to at least 2001) and that the over-estimation works through into population projections that are demonstrably too high and unrealistic. The population projections will then work through into household projections and ultimately to estimates of need in the Standard Method.
- A recognition of problems with population data for Coventry is not unique to this report. In 2020 the UK Statistics Authority recognised concerns regarding historical population estimates and projections for Coventry, and that in turn this can impact on household projections and estimates of housing need. It recommended that ONS should be more open to considering local data and feedback on its data; and ONS has since recognised this and that in turn this can impact on household projections and estimates of housing need.
- Prior to publication of 2021 Census data, Icenii carried out a detailed review of a range of data sources which can provide an indication of population levels and growth. This very clearly confirmed a significant over-estimate of population in Coventry within ONS mid-year population estimates (MYE). Subsequently published Census data confirmed this where it is estimated that ONS had previously estimated the population of the City to be around 40,000 people higher than the Census now shows.
- Across Warwickshire, a similar analysis suggests ONS had previously underestimated population growth, however, the scale of the difference (around 10,700 people over the 2011-21 decade) is substantially lower than the over-estimation for Coventry.
- It is clear from the analysis that there are exceptional circumstances which will allow a departure from the Standard Method housing need. In short, the data feeding into population (and hence household) projections is substantially wrong and will provide trend-based projections that are wholly unrealistic. As noted, issues with data for Coventry go back at least to 2001 and will therefore be impacting on all ONS projections, including those used for the 2014-based SNHP.
- When demonstrating exceptional circumstances, it is necessary to take forward a method that takes account of demographic trends and this report has drawn on data from the 2021 Census and information about births and deaths to develop an up-to-date trend based projection. This projection has then been used within the framework of the Standard Method (i.e. to include a relevant affordability adjustment) and shows a need across the HMA for 4,906

dwellings per annum; lower than the standard Method as published, and lower mainly due to the issues in published projections for Coventry.

- Given that population figures across the HMA have been over-estimated for many years, it is reasonable and expected that any alternative trend-based projection would show a lower need. It is however recommended that the Councils monitor new data releases from ONS (including MYE and projections) as ONS will need to grapple with the issue of inaccuracies in the MYE in any future releases.

The HEDNA set out how it applied the Standard Method Process using the new projections, to generate a local housing need for Coventry and the other HMA authorities. Again, the process is not reiterated here as it can be seen in the HEDNA. In addition, it also added a separate 'Cities Uplift' of 35%. The national Standard Method included this uplift, which was not based upon any evidenced need but was a figure which had been applied to the 'top 20' cities by the Government. The HEDNA therefore included this uplift as a separate figure, for consistency with the way in which the national Standard Method was calculated.

Notwithstanding this however, it should be noted that the NPPF (either 2021 or 2023 iterations) makes no mention of an uplift when applied to a justified alternative approach, but states that any alternative approach must reflect 'current and future demographic trends and market signals' (NPPF 2021 and 2023, para.61), which the HEDNA has done.

The [Issues and Options consultation](#) made a comparison between the different methods being considered by the Council as set out in Table 1 below. Responses were sought to the following questions:

- Do you have any comments on the Council's view that it should be using the HEDNA figure with the 35% uplift removed to establish its local housing need?
- Do you have any comments in relation to the alternative growth scenarios, or other options which the Council should consider?

Table 1: approaches to calculating Coventry's housing need

	Government default Standard Method (using the 2014 Population Projections)	HEDNA method	HEDNA method with the 35% uplift removed
Dwellings Per Annum (averaged over the 20 year plan period)	3,188	1,964	1,455
Total need over the 20 year plan period	63,760	39,280	29,100

At this stage in the plan review, the Regulation 18 Sustainability Appraisal considered three options for levels of housing growth based on the evidence available, the Government Standard Method, the HEDNA method, and the HEDNA method minus the 35% uplift i.e. the options set out in the table above. Initial assessment concluded that there were particular concerns over the two higher growth scenarios relating to sustainable inclusive economic growth, resilience to climate change, reducing traffic and improving sustainable transport choices, protecting and conserving natural resources, protecting and enhancing nature and biodiversity. In terms of the highest growth scenario there were concerns over potential negative impacts on protecting and enhancing the historic environment and its setting, and protecting and enhancing the quality and character of townscapes and landscapes.

The consultation responses

The majority of responses to the first question, primarily from the development industry, objected to the removal of the 35% from the calculations. Various reasons were given, the most common being that this was a departure from national policy. Many felt that the approach undermined the HEDNA (and cross-boundary working), and that the needs of the HMA should be dealt with as a whole. Other reasons given were that this was not positive planning, lacked ambition, would compromise economic development and the delivery of affordable housing, and that any shortfall should be exported.

Several respondents did support the proposal to remove the uplift, however. They agreed that the uplift was not evidenced, that it was arbitrary (an LUHC cross-party report was referenced), stated that a similar approach was being followed elsewhere, felt that too much housing would unbalance the economy and commented that the 35% uplift did not address local need.

A range of other comments were made on general issues such as all projections being too high (or low), a new Memorandum of Understanding (MoU) being needed between the Local Authorities involved, any figure needing to be a minimum, the impact of emerging new data sets, original figures being overestimated, Strategic Urban Extensions (SUEs) not being needed, the need to separate out the student population, and the 2021 census not being the answer to everything.

In terms of the responses to the second question, which focused upon alternative growth scenarios, there were fewer responses than to the first question regarding the 35% uplift. There was a general preference for using the HEDNA method. There was limited support for using the higher figure (the Government's Standard Method using the 2014 projections) with only a few developer respondents preferring this. Some respondents felt all figures were too low, and some felt they were too high but did not offer alternative methods. One respondent, on behalf of a consortium of developers proposed an alternative way of calculating need which was supported by substantial documentation through a 'Coventry Housing Requirement Rebuttal Note' concluding that the appropriate level of growth should be a minimum of between 2,325 and

2,529 dwellings per annum. Another respondent suggested that the sub-regional market signals study should be used. A number of developers suggested the plan should accommodate some of Birmingham's growth.

Some commented that by deleting the 35% uplift as an option, this was a departure from the standard Method. A couple of respondents cited the need for a student housing demand study. Others advised that high growth was needed to help with delivering sufficient affordable housing. There were also comments on the need for infrastructure, and a need to focus more on the north of the city as there was already a lot of investment in the south.

In terms of the Regulation 18 Sustainability Appraisal, comments were received about acknowledging uncertain effects, about the incorporating of Strategic Environmental Assessment into the process, and the need to test the potential for housing in the Green Belt.

All representations and supporting evidence are published on the Local Plan Review section of the Council's website.

The Council's assessment of the responses.

In terms of the 35% uplift, the Council acknowledges that the removal of this is a departure from national policy in terms of the application of the national Standard Method as set out in the NPPF 2021 (and 2023). However, as explained earlier in this paper, national policy also allows alternative approaches to be utilised, and as set out in the PPG, any method which relies on using household projections more recently published than the 2014-based household projections will not be considered to be following the standard method.

Therefore, whilst the HEDNA included a 35% uplift this was a separate figure unrelated to local need, and the Council retains its stance that the imposition of the uplift (to the national Standard Method) does not mean that it is fair, evidenced, reasonable or justifiable. The 35% uplift figure was included in the HEDNA which followed the calculation steps of the Standard Method, but notwithstanding this the HEDNA methodology is a separate, and alternative approach which is justified in its own right in terms of identifying local need.

It is not considered that looking solely at local need (ie the calculation minus the 35% uplift figure) undermines the HEDNA as is suggested by some respondents, given that as a whole the HEDNA considers local need across all of the HMA authorities, and has followed an agreed and consistent process. The Cities Uplift matter has only ever been an issue which has applied directly to Coventry and not to the wider HMA. Planning Practice Guidance in relation to the Standard Method stated (and continues to state at the time of writing):

This increase in the number of homes to be delivered in urban areas is expected to be met by the cities and urban centres themselves, rather than the surrounding areas, unless it would conflict with national policy and legal obligations. In considering how need is met in the first instance, brownfield and other under-utilised urban sites should be prioritised and on these sites density should be optimised to

promote the most efficient use of land. This is to ensure that homes are built in the right places, to make the most of existing infrastructure, and to allow people to live nearby the service they rely on, making travel patterns more sustainable.

Paragraph: 035 Reference ID: 2a-035-20201216

Revision date: 16 12 2020

At this point it is worth considering the Coventry Housing Requirement Rebuttal Note, prepared by Lichfields on behalf of a consortium of developers. This set out to demonstrate that the 'proposed approach to omitting the 35% uplift...is unjustified' and sets out the reasoning for this conclusion. It states: (para 4.8) '*Fundamentally, the Government's rationale for the uplift was based on three factors: maximising existing infrastructure, responding to the availability of land arising from structural change in retail and commerce, thereby maximising brownfield rather than greenfield development, and responding to climate change by reducing high carbon travel*'. (para 4.8). It then goes on: '*ultimately the 35% uplift is a Government – led 'policy on' approach to ensuring that cities are the focus of development and that the Government can meet its 300,000 dpa [dwellings per annum] objective. It is not right nor appropriate for the Council to contest this approach through the Local Plan Review*' (para 5.4).

As set out earlier in this paper, the Council believes that it is entirely appropriate to contest this approach through the process of review, and the Council is able to do so by proposing an alternative method, which it has done. Notwithstanding any debate over establishing a need figure, however, the plan has indeed been prepared to maximise existing infrastructure, to respond to availability of land arising from structural change in retail and commerce, to maximise brownfield rather than greenfield development and to address climate change matters including sustainable travel.

The Rebuttal Note was accompanied by a Housing Needs Assessment, which considered population, national policy and guidance, market signals and a detailed alternative assessment of need to the one being proposed through the HEDNA, resulting in a range of between 2,325 and 2,529 dpa.

However, the Council does not consider the approach to be a reasonable one. Firstly, it has no reason to doubt the method established by Icenl through the Coventry and Warwickshire HEDNA, and the conclusions reached. Secondly, the Lichfield's alternative methodology relates to Coventry alone whereby the HEDNA has been produced to assess the needs of the entire HMA, and in agreement with the partners involved under the statutory Duty to Co-operate. Thirdly, the point has been made through various representations that in discounting the 35% from the HEDNA figures this undermines the HEDNA itself, a point which the Council disputes, however if an alternative method was to be adopted solely for Coventry this would certainly undermine a previously co-operative approach.

Notwithstanding the above, a number of representors commented on new data which would need to be assessed to see if the HEDNA figures should change. To this end, a review of Coventry's Local Housing Need was produced by Icenl (June

2024) which considered the impacts of the Office for National Statistics (ONS) having revised its back series of Mid-Year Population Estimates (MYEs) and the release of further data for 2021-22. The evidence showed continuing issues with the reliability of demographic data from ONS for Coventry including continued issues with the over-estimation of growth for the city. It therefore concluded that the HEDNA continues to provide a consistent position across the HMA and remains a reliable basis for plan making.

In terms of the responses that state that the preferred figures for growth lack ambition, the Council needs to achieve a sustainable balance between social, economic and environmental matters, a principle which underpins national planning policy. Further assessment work has since been undertaken to explore capacity and the potential for increased densification taking into account national 'brownfield first' policy contained within both the 2021 and 2023 NPPFs and supporting guidance.

Some representors felt that Coventry should be taking some of Birmingham's shortfall. However, Birmingham sits in a different Housing Market Area (the Greater Birmingham and Black Country HMA) and therefore it is looking to areas within its own HMA to address these matters.

Conversely, several representors believed that all scenarios were too high in terms of housing growth, and that the Strategic Urban Extensions (SUEs) are not needed. The Council would advise that the SUEs are now progressing and it would not be appropriate to make substantive policy changes now planning applications – and delivery – are underway. Furthermore, the Council has a duty under the NPPF to enable housing growth to meet local need and this has to be set at an appropriate level as set out through its evidence base.

Comments on the need for a reviewed MoU are supported and regular discussions under the Duty to Co-operate are ongoing at the point of writing. Some respondents cited the need for evidence on Purpose Built Student Accommodation (PBSA) and this has been produced to inform policy-making in that regard and this is set out in the Housing background paper. Some respondents commented on the need to focus more on the north of the city, and this has been considered as part of the assessment work (and is dependent upon available sites and wider regeneration schemes). Infrastructure was also mentioned, and this has been considered through the production of an Infrastructure Delivery Plan and ongoing discussions with delivery partners.

In terms of the Sustainability Appraisal feedback, Historic England suggested that there should be uncertainty of effects on the historic environment for Options 2 and 3 regarding quantum and for the options for densities of development. This was agreed. Natural England commented that plan-making should be informed by SA/SEA and HRA. The SA incorporates SEA and includes suggestions for plan-making. An HRA Report has been prepared and summary findings incorporated into the SA/SEA.

A developer commented that the Council had not fully identified the housing needs of the City by an apparent willingness to forgo meeting the City's market and affordable

housing needs and exacerbate the socio-economic consequences of the housing crisis in favour of protecting sites in the Green Belt that would otherwise be entirely appropriate for sustainable residential development. It was agreed that the potential for housing development in the Green Belt should be tested through the SA process, and compared with the strategic option for some potential development in the Green Belt.

Housing Growth – the Regulation 19 Plan

Since the Issues and Options exercise was undertaken the Council has undertaken a significant amount of additional assessment work to determine what amount of housing growth would be appropriate and which would produce a sustainable plan to accord with the aims of the NPPF to address social, economic and environmental matters, given that housing growth needs to be addressed as part of a ‘whole plan’ approach.

As mentioned earlier in this paper, the review of Coventry’s Local Housing Need was produced by Icení (June 2024) to ensure that the HEDNA remained an appropriate starting point for determining how much growth was appropriate for the City. Having run an initial Call for Brownfield sites in summer 2022 (prior to the Issues and Options consultation), an open Call for Sites was run as part of the Issues and Options consultation itself. As a large number of submissions related to greenfield and Green Belt land, further calls for Brownfield Calls for Sites were held in Autumn 2023 and Spring 2024, in accordance with the NPPF ‘brownfield first’ approach.

Alongside this work, assessment of the potential for the densification of development in parts of the City was undertaken to ensure that land was being utilised effectively (see separate background paper and supporting evidence on Density). Additionally, a technical update to the original (2015) Green Belt Review was undertaken, to assess how parcels of Green Belt had (or had not) altered since the Local Plan was adopted in 2017. This enabled the Council to consider whether the relevant land parcels still met the Five Purposes of Green Belt (as set out in national policy) and whether in that context any opportunities for sustainable development might present themselves in that regard.

Detailed site assessment was undertaken, taking into account the above evidence and a range of additional contextual information regarding opportunities and constraints and this is contained in an updated Housing and Land Availability Assessment (HELAA) 2024 where each site has been assessed.

Furthermore, an Employment Land review was commissioned (see the following section on Employment) which has helped the Council to explore whether there might be additional opportunities for the repurposing of employment land for housing in the future.

Having considered the representations and new and updated evidence, the Council was then able to increase the number of reasonable alternatives for accommodating housing growth to be tested by the Sustainability Appraisal. In addition to the original three strategic options (National Standard Method, HEDNA Method, HEDNA Method minus the 35% uplift) an option was tested to explore supply figures based on the

Council's calculations that it could potentially accommodate around 31,500 homes over the plan period (1,575 per annum), and an additional scenario based on the new Government's proposed draft new Standard Method which would require the Council to deliver 1,527 homes per annum or around 30,500 over the plan period. These options were considered alongside other reasonable alternatives in the Sustainability Appraisal relating to increased densification, development / no development in the Green Belt, amounts of employment and office growth and options for managing student accommodation.

Full details can be seen in the Sustainability Appraisal however in summary, it was concluded that the two higher growth options (Standard Method as per the 2023 NPPF, and the HEDNA method inclusive of the 35% uplift) would result in the following (SA Table 4.2b):

- *Homes would need to be small, more densely located & thus unable to meet variety & adaptability of needs*
- *Quantum could limit land for open/green space with negative effects for health & wellbeing*
- *Quantum would compromise ability to meet with other objectives, especially for climate change & nature*
- *Pressure on infrastructure & other services*

The other three options resulted in a mix of positive and neutral / uncertain-neutral impacts. The Council's Preferred Option is therefore the HEDNA (minus 35% uplift) figure as this is a figure that has been derived from a technical assessment of local need, can be accommodated without recourse to Green Belt and good quality agricultural land (thus retaining a sustainable environmental balance), will enable delivery of a suitable balance of social, economic and environmental need and, as a policy minimum figure, will include a buffer to ensure flexibility and deliverability over the plan period. In terms of selection of the preferred option, it is also important to note that, whilst densification is considered in a separate background paper, the assessment of different densification options showed positive effects for the more effective use of land when considered as part of a sustainable strategy. Again, whilst Green Belt is considered in a separate paper, it was considered that Green Belt development would have a range of adverse effects on the purposes of Green Belt, on landscape, and through the risk of isolated communities.

Whilst the plan review is being prepared under the 2023 NPPF, the Government's proposed new Standard Method (draft at the time of writing this paper) removes the Cities Uplift and cites an annual figure of 1,527, a difference of 72 extra dwellings per annum. The strategy of 'brownfield first' looks set to remain.

3 Employment Growth Need

In terms of the NPPF Chapter 6 (Building a strong, competitive economy) there was no change between the 2021 and 2023 iterations, bar some altered paragraph

numbering. National policy cites the need to support economic growth and productivity, taking into account local business needs and wider opportunities and with a focus on productivity and innovation. There is an emphasis on an economic vision and strategy, strategic sites, barriers to investment and the need for flexibility in the plan to ensure it is responsive to changing economic circumstances.

Issues and Options (Regulation 18) stage consultation on Employment Growth: the evidence base

The Issues and Options document explained that the HEDNA determined that the most appropriate Functional Economic Market Area (FEMA) was aligned to the Housing Market Area (HMA) and that Coventry and Warwickshire remained an appropriate 'best fit'. The HEDNA stated (para.1.9): 'Inevitably functional market areas clearly do not precisely fit to local authority boundaries; and at the borders of any area HMA there are often links with the adjoining areas. Plan making activities should therefore continue to recognise overlaps in North Warwickshire and Stratford-on-Avon with the Birmingham HMA and FEMA; between Rugby and West Northamptonshire; and local links across the A5 with Hinckley and Bosworth (which is in Leicestershire).'

At the Issues and Options stage, the HEDNA assessed that Coventry needed 156.1 hectares of employment land over the plan period, 147.6 of which was general employment and 8.5 hectares of office space. There was a separate calculation for 'strategic B8' which is the growth of the logistics sector, and which related to warehousing units over 9,000sq.m (100,000 sq.ft). Because of the scale and nature of this kind of development it needed to be considered at a strategic scale therefore the need across the whole of the Coventry and Warwickshire sub-region was projected to be 551 hectares to 2041.

At the time of the Issues and Options consultation further work was being undertaken across the wider West Midlands to produce a West Midlands Strategic Employment Sites Study (WMSESS) to better understand the needs of this sector, but this was not complete at the time of the consultation.

The Issues and Options consultation sought comment on the Employment Land Needs for Coventry. Specific issues relating to employment allocations and policies are addressed in the Employment Background Paper.

The consultation responses

Responses were almost evenly split between those who supported and did not support the HEDNA figures although many responses did not comment either way but instead offered a range of comments. Some respondents wanted more growth, some less and there was concern about economic imbalance with the 'gig economy', large 'sheds', aligning economic and housing growth, using / not using Green Belt, overestimating office need due to hybrid working and not being clear on what is being proposed.

Some comments referred to the emerging regional evidence and wanted to see strategic B8 (storage and distribution) and strategic B2 (general industrial) addressed by the plan (The Use Classes Order splits different types of employment into different 'classes').

It was also highlighted that the oversupply figures were incorrect as they were sourced from Table 9.4 of the HEDNA which illustrated an option which the HEDNA dismissed.

The Council's assessment of the responses

In terms of the reference to the wrong figures being used (which led to the conclusion of an oversupply) this was an error which has been corrected. The issue of the emerging evidence (at the time of consultation) on strategic employment (B8 and B2) has been considered and updated evidence has informed revised figures as explained in the next section. In addition, further evidence on local employment and office supply has been produced to inform the review of the plan.

Employment Growth – The Regulation 19 Plan

Since the Regulation 18 consultation was undertaken, more evidence has been produced.

The Employment Land Review (ELR) (August 2024) was produced by DLP Planning Ltd to assess the City's existing employment land, evaluating its quality and future requirements in accordance with national policy guidelines to help review and shape the employment policies of the reviewed plan. This is considered in more detail in the Employment Background Paper given that it deals with specific matters of policy rather than overall levels of growth.

An addendum to the ELR, the Coventry Office Market Study (August 2024), was also commissioned to provide a focused analysis of office market dynamics in Coventry. The study assessed the implications of current trends on future office floorspace needs up to 2041, particularly in the light of post-pandemic working practices and evolving business requirements.

The HEDNA had identified a need for 8.5ha of office employment land over the plan period and this included a 4.6ha flexibility margin. The HEDNA recommended that the council has regard to sensitivity testing assumptions especially noting changing trends during the pandemic but as the HEDNA was dated 2022 it was too early at that time to draw any detailed conclusions.

The Coventry Office Market Study assessed quantitative needs, market trends and demand, market performance, spatial distribution, qualitative demands, the impact of remote working, the supply and pipeline, employment densities, market challenges, policy implications and future outlook. It recommended a flexible yet strategic approach to office development, balancing the need to meet quantitative targets with the qualitative demands of modern business. The study supported a nuanced approach to office provision, recognising the changing nature of work and the specific dynamics of Coventry's market. It concluded that whilst there may be scope

to reduce the overall quantum of office floorspace needed over the plan period there remains a need for high quality, flexible office space in sustainable locations. As such the Council should focus upon enabling the delivery of office developments that meet these evolving needs whilst also supporting the refurbishment and adaptation of existing stock where viable.

For these reasons the Council considers that rather than citing a specific target in Policy DS1, the evolving needs of the office market would be served more effectively through a review of Policy JE4 (Location of Office Development) and this is addressed in the Employment Background Paper.

The West Midlands Strategic Employment Sites Study (WMSESS) was published In September 2024. The study covers a large part of the West Midlands, including Shropshire but excluding Herefordshire and most of Worcestershire as these are considered to be outside of the main regional market.

The focus of the study is strategic units for manufacturing and logistics, defined as being those of a size over 100,000 sq.ft. (9,300 sq.m.), and strategic sites typically 25 hectares and over. The study aimed to provide an updated position on committed sites, identify the need for large scale strategic logistics and manufacturing, seek to address the requirements of modern industry, provide recommendations on the number and type of strategic sites required and advise on phasing and priority.

However, given that the Coventry and Warwickshire HEDNA also considered strategic B8 it was important to understand how the two reports aligned. Therefore, the Coventry and Warwickshire HEDNA – WMSESS Alignment Paper was produced in November 2024 to help with clarification. This paper also brought local employment needs figures up to date to ensure the latest evidence could be utilised to inform plan making across the sub region.

The report considered the key issues of:

- Aggregated and disaggregated needs for Coventry and Warwickshire;
- Reconciling different assessment periods (HEDNA 2021 – 41/50 and WMSESS 2022 – 45);
- Inclusion of most recent commitments and completions to provide an up to date gross needs position and net need (supply / demand balance) taking account of completions to date and extant completions and allocations;
- The role of strategic sites (large scale employment sites typically over 25 hectares and largely dedicated to units of over 9,000 sq.m.) versus non strategic sites including those where strategic units may be located on non-strategic sites;
- Strategic units, including potential supply for both B2 and B8 given the HEDNA primarily considered the role of large B8 units only, but the market and sites typically consider both.

It is not the intention of this paper to replicate the employment evidence base as the documents are available to read in full. However, the key recommendations for policy are highlighted below.

Strategic Need

The WMSESS quantifies the amount of strategic need across the wider West Midlands Study Area. It identifies areas of opportunity, based on a number of factors including locational requirements, for where this could be accommodated. Coventry falls within 'Area 7', focusing on Coventry, Rugby, Nuneaton and Warwick in particular around the M6, A45, A46 and M45.

For context in terms of the Coventry and Warwickshire sub region, North Warwickshire falls within 'Area 5' (around the M42) and 'Area 8' covers Stratford on Avon and Warwick (around the A46 and M40).

In the Alignment Report, Strategic Sites need is considered between 2022 and 2045 to align with the WMSESS and to allow for the differing timelines of local plan production across the Coventry and Warwickshire sub region. For Area 7, a range of between 9 – 84 hectares residual strategic sites need is identified. With the exception of the Baginton Fields allocation (25 hectares, already factored in to the committed supply) Coventry has no sites of this scale being promoted and is working with its partners on Opportunity Area 7 to address the matter.

Local Employment Need

The Alignment Report also assessed and updated the local employment need figures, taking into account updated supply figures including gross completions, committed development and extant allocations.

For Coventry, reflecting the plan period of 2021-2041, the report identifies an overall need of 105 hectares, a supply of 60 hectares, leaving a residual need of 45 hectares.

Despite four separate Call for Sites consultations since the plan began its review process (including an Employment Call for Sites in Summer 2024) no sites have been put forward which are considered to be suitable for allocation (see site assessment details which are included in the Housing and Employment Land Availability Assessment, November 2024). The growth requirement figure for Policy DS1 in terms of Local Employment Need is therefore considered to be 60 hectares which reflects the evidence base, leaving a shortfall of 45 hectares. This is currently under discussion with partners under the Duty to Co-operate to explore where this could best be accommodated.

Sustainability Appraisal

At the Regulation 18 stage no 'reasonable alternatives' had been proposed as the only identified quantum of land needed for employment need was that defined by the HEDNA (2022). As set out above however a significant amount of additional evidence and assessment work was undertaken to review the need and assess the supply and any locational factors involved. Therefore three reasonable alternatives were investigated to inform the Regulation 19 work.

For the quantum of growth, the HEDNA figure of 147.6 hectares was tested as this was the confirmed quantum at the time. The figure of 60 ha was tested as this was

an assessed supply figure using up to date evidence (without requiring Green Belt release). A further alternative was tested, which was the 60ha supply figure plus an additional 11.81 hectares which reflected a site in the Green Belt which had been put forward through the Call for Sites.

As set out in the housing section earlier in this paper, the alternative option for accommodating any growth needs in the Green Belt was dismissed. The figure of 60 hectares was selected as the Preferred Option as, taking into account all evidence (including the various Call for Sites exercises) this was a realistic figure which the Council felt that could be accommodated for local employment need.

In terms of the quantum of office growth, again at the time of the Issues and Options consultation there was a single proposal, 8.5 hectares as defined by the HEDNA. Since then, further evidence has been produced ie the ELR Office Market Addendum. This calculated a reduced supply figure of 5.8ha to take account of oversupply. A further reduction of 4.12 ha was also tested to take account of new patterns of working (eg hybrid) and related reductions in floorspace requirements. This latter figure was selected as the preferred option as it makes most effective use of land, but has been applied through the use of flexible policy wording to allow for future changes in the market, and in accordance with additional SA reasonable alternatives which considered locational requirements (city centre vs dispersed vs city centre with some provision in local centres). The conclusion was that a main focus upon the city centre Friargate allocation with some flexibility for provision in local centres was the most sustainable option.

It should be noted that reasonable alternatives for strategic employment were not tested as the only site which meets the criteria in Coventry is an existing allocation through the adopted Local Plan (Baginton Fields), and no other options of sites over 25 ha have been put forward which sit within the City's boundaries.

4 Summary

In summary, taking into account the evidence as set out in this paper the reviewed growth needs for the plan period 2021-41 to be included in reviewed Policy DS1 are as follows:

- Housing Requirement: 29,100 homes (identified need can be met in full)
- Employment Requirement: 60 hectares (identified need of 105 hectares cannot be met in full and discussions are taking place under the Duty to Co-operate).

Strategic Employment Need is being discussed with partners in relation to the wider Opportunity Area 7 relating to Rugby, Warwick and Nuneaton & Bedworth and so cannot be disaggregated into a meaningful requirement specifically for Coventry. Office figures and retail needs will no longer be set out as a specific requirement given the nature of the changing market as supported by the evidence base.