

Market Signals and Market Intelligence –proposal for establishing a CWLEP Capability.

1.0 Introduction

Since the abolition of regional planning a key challenge has been how to develop effective strategic planning to support economic growth.

One function that underpins the developing role of Local Enterprise Partnerships across England is to collect data and intelligence about current and future market conditions. LEPs are encouraged by government to use this to help promote and develop business and the local economy.¹ This general objective is formalised in national planning practice guidance² which advises development plan makers (local authorities) that “*plan makers should liaise closely with the business community to understand their current and future requirements.*”

The capability of local authorities to perform their monitoring functions has over the past 10 years or so been heavily constrained by budgetary constraints .The focus of current monitoring activity in most local authorities is in collecting data and making submissions required by government to measure performance .Certainly commercial market intelligence is not systematically collected or analysed to inform plan making as is recommended.

There is a gap in the current approach to setting employment provision in development plans which may restrict the flexibility and responsiveness of the plans and their reviews to respond to market changes. In addition there is a paucity of evidence available to inform the debate about the allocation of employment provision and to assist the forward planning of new proposals .

2.0 The proposal

The proposal involves the LEP putting in place a capability to produce a regular (annual) monitoring report covering the Coventry and Warwickshire LEP area .The report would seek to collect and review commercial market activity and identify trends for relevant market sectors .It will focus on factors that are likely to influence market activity and economic performance that can in turn be addressed through the land use planning process.

The resulting report would aim to

- (1).Provide an evidence base (gradually available as a time series source) for the LEP and public and private sector partners to use in their activities to promote economic growth and development.
- (2).Influence the monitoring and preparation of Development Plans and ensure that the plans are relevant to market requirements, trends and changes that occur over plan periods

¹ See

²NPPG.Para:030 Ref ID 2a-030-20140306.

3.0 Partners/Stakeholders

Resources to produce the collection of these types of data are limited and constrained. Potential data sources and scope are extensive and wide and there are real dangers of losing focus. Initially at least, it is proposed that the scope of the report is limited to key selective data.

Moreover, the LEPs own resources are constrained and that the report can only be produced with the active involvement of stakeholder partners. Preliminary discussions with LEP members across both public and private sectors have indicated a widespread support for the principle of preparing this report. This includes offers of assistance and participation from:

- WCC
- C&W Chamber of Commerce
- C&W FSB network
- Local Authority – Development plan ,policy officers group and the LA's Monitoring officers group

4.0 Methodology

As noted, initially the scope of the report will be limited and focussed. It proposed that the report collects and analyses the data across the total LEP area but also wherever possible seeking to identify differences across the sub area. Initially the report will seek to cover the following topic areas.

1. Land values – *Changes in market values across different area and by different sector, Differentials across LEP area. Comparable with national and regional values levels.*
2. Market rents-*Changes and trends by sector reflecting market demand availability and activity for commercial (B class?) property*
3. Total Supply of Commercial floorspace-Local plan allocations, planning permissions for commercial floorspace by market sector and target employment type. *Draw conclusions about immediately available space and allocations still in plans but not implemented i.e quantify ready to go element*
4. New Planning consents for sectors of commercial floorspace. *New build activity measure to look at how current sub regional stock is being supplemented by new growth .By market sector*
5. Take up/implementation of Commercial floorspace. The annual measure of demand across different use class sectors for different types of space. *This will also indicate net to gross ratio and the" efficiency" of use by which land being taken up*
6. Allocated or consented Floorspace not taken up (say 5-10 years after allocation).*Potentially an indicator of the market not responding to proposals or where trends have moved on an the land may no longer be attractive or useful.*
7. Employment land lost to other land uses. *This is a critical measure of market operation .As most established employment land is protected by policies then it is*

assumed that much of the loss will be justified by evidence of market failure of the particular site.

8. Business Surveys—feedback from users of space on availability of land and /premises. *Perceptions of shortages of accommodation by sector and type. Likely current and future requirements .affordability issues*
9. Soft Feedback from developers and commercial agents via market forums –market trends and conditions in different parts of the patch, market demand by sector and type, perceptions of shortages to meet current conditions.
10. Ad hoc surveys and evidence. Surveys and research reports are often published as “one off 2 exercises .They can capture valuable intelligence but are snapshots of current conditions.

5.0 Timing

Some data collection and analysis can begin immediately and is available albeit in an unprocessed form. Other data sets are still unknown or require notice to collect. However once a commitment and approval for this exercise is given then work programmes can be set

It has been highlighted that some of the data relating to local authority records is geared towards the end of the government financial year in March

.For working purposes it is proposed that the publication is aligned to this timescale with the first report to be published by the LEP in March/April 2017.This would involve most of the collection and analysis being done in Autumn 2016.

6.0 Budget/Resources

This exercise can be coordinated by the LEP Planning Advisor and administrative support available in the Growth Hub. However timed programmes for data assembly and collection need to be developed with stakeholder partners who are assisting.

Key partner inputs are:-

1. Business Surveys.

In cooperation with the Chamber of Commerce it has been agreed in principle that relevant questions can be added to the quarterly survey carried out by the chamber amongst members. Further work is being discussed to target this survey at relevant companies and businesses.

2. Agents and Developer soft market data.

The Chamber also has a programme network of meetings with property based members across the CW area. It may be possible to link this exercise into meeting hoisted by the chamber.

In addition WCC working with relevant District Councils hosts regular agents forum in Leamington Spa for Warwick /Leamington and in Stratford for this sub market .these could provide valuable source of market intelligence regarding trends and market conditions

3. Property Demand analysis

Warwickshire County Council and Coventry City Council's (through Economic development teams) collects data related to property based activity and market requirements of companies both already in the area or wishing to relocate to the area. Though not comprehensive and requiring caution in drawing firm conclusions, this recording of interactions with businesses looking for new premises provides a good data set across the CW LEP area indicating market trends in demands/requirements.

4. District Council monitoring data

The District councils collect information relating to the granting and take up of commercial floorspace allocations

Budget

A budget will need to be established to cover the main items of external expenditure to collect analyse and present the data. Main headings will be:

- Data purchase and collation
- Cost of hosting meetings to carry our soft monitoring and market intelligence
- Printing and publication costs

Initially it is estimated that a budget of £7,500 will be required up unto the publication and launch of the report.