



Homes – Jobs Alignment Paper – South Warwickshire Local Plan

Final Report

Iceni Projects Limited on behalf of Stratford-on-Avon
District Council and Warwick District Council

May 2026

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Contents

1. Introduction.....	1
2. Expected Employment Growth	2
3. Homes-Jobs Inter-relationships.....	8

1. Introduction

- 1.1 This Paper has been prepared as an Addendum to the Jobs-Homes Alignment Paper prepared across the Coventry & Warwickshire Sub-Region. It considers the alignment of jobs and homes specifically in the South Warwickshire Local Plan area, adopting a consistent methodology and assumptions to the sub-regional evidence.
- 1.2 As explained in the Paper prepared at a sub-regional level, the HMA geography reflects the strong functional linkages between authorities within Coventry and Warwickshire. It shows significant cross-boundary commuting dynamics and identifies that **it is at this (sub-regional) level that the alignment of jobs and homes should be considered**. This was the purpose of preparing the Jobs-Homes Alignment Paper at HMA level.
- 1.3 However, the Councils wish to understand the alignment of the strategies for jobs and homes in the emerging Plan; and this report therefore looks more specifically at the South Warwickshire geography – comprising Stratford-on-Avon and Warwick Districts. It considers the expected employment growth and then compares this to the labour supply growth which would be supported.

2. Expected Employment Growth

- 2.1 This Paper has taken as a starting point the conclusions on employment land needs in the updated South Warwickshire Employment Land Study (ELSU). It considers the need for office space, industrial development on non-strategic sites and the strategic sites need separately.

Jobs associated with the Office Need

- 2.2 The ELSU Report concludes by recommending a need for 57,900 sq.m of office floorspace over the 2021-50 period. This is based on the net completions model (based on 10 year trends) with provision for some replacement provision in the context of commercial/ viability considerations which are likely to constrain the delivery of new-build office floorspace (and overall office floorspace growth). As the report explains, the relationship between jobs and floorspace is also complex – and influenced by changing working patterns (with growth in home and hybrid working). In particular the trend in recent years has been of “spaceless growth” in office-based employment; whereby employment in office-based sectors increases but this is not borne out in floorspace needs.
- 2.3 It is complex therefore to model the scale of growth in office-based sectors which might arise. We have assumed office employment in line with the office jobs in the Experian labour demand modelling.

Jobs associated with the Industrial Need on Non-Strategic Sites

- 2.4 The ELSU Report concludes by recommending a need for industrial development on non-strategic sites of 309.5 ha.

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- 2.5 Our modelling for industrial and logistics development on non-strategic sites assumes an average employment density of 53 sq.m per FTE job, consistent with the HEDNA assumptions and HCA Guidance (blending E(g)(iii), B2 and B8 development). This is used initially to calculate *gross* jobs growth. However, it is also necessary to take account of displacement effects in considering what net growth in jobs may arise associated with industrial development.
- 2.6 Displacement in the context here is the extent to which an increase in jobs associated with new industrial development is offset by reductions in employment elsewhere within the Coventry & Warwickshire area. Considering displacement is an important step in deriving net job creation, since some jobs may simply involve workers moving from one business (or industrial unit) to another. In this context, displacement often occurs where new buildings replace older stock which is redeveloped for new employment or other uses. Taking account of the potential for inter-commuting within the sub-region and the case for aligning the evidence with that at a sub-regional level, we have continued to assess displacement across C&W.
- 2.7 For industrial uses in particular, increasing productivity within the manufacturing and logistics sectors means that there is a weak relationship between floorspace growth and employment. The employment land evidence recognises that much of the industrial need arises from ‘replacement demand’ issues – i.e. where existing businesses need more modern floorspace, including space with sufficient height and power to facilitate automated pick and packing systems. But such moves, from older dated stock to newer modern premises, will often not be associated with additional jobs – particularly at a sub-regional level.

- 2.8 Taking account of these issues, we assume a ‘medium’¹ displacement rate of 50% at the sub-regional level in respect of the local industrial need.
- 2.9 Taking account of these issues, our analysis identifies that industrial development on non-strategic sites can be expected to support growth of around 11,700 jobs in net direct terms.

Table 2.1 Net Jobs Supported on Non-Strategic Sites

	Stratford	Warwick	South Warks
Total land need (ha)	196.2	113.3	309.5
Adjustment for margin	167	97	264
Plot ratio	0.4	0.4	0.4
Floorspace need (sq.m)	784,800	453,200	1,238,000
Employment density	53	53	53
Gross jobs supported	14,808	8,551	23,358
With Displacement 50%	7404	4275	11,679

Jobs associated with Strategic Employment Sites

- 2.10 The strategic industrial need relates to both B8 strategic warehousing/logistics development as well as strategic B2 industrial development. It relates principally to big box units (i.e. industrial units of over 9,200 sq.m in size) and includes those on both strategic and non-strategic sites.
- 2.11 Icen have then worked through a process of estimating the jobs supported, assuming a split between strategic B2 and B8 development (23%/77%) which aligns with the assumed profile in the WMSESS and applying employment density assumptions to each – assuming a B2 density of 38 sq.m per FTE job and 95 sq.m for strategic B8

¹ HCA ADDITIONALITY GUIDE Fourth Edition 2014 Table 4.8

development, recognising the focus on larger units, to calculate the gross jobs supported.

- 2.12 However again, a substantial proportion of the jobs supported will not be 'net additional' given that replacement demand is a key driver of commercial property demand for these units.
- 2.13 For strategic units, we consider that there is likely to be a higher level of displacement reflecting the WMSESS evidence related to the strong degree to which replacement demand is driving floorspace needs. On this basis we assume 60% displacement on at a sub-regional level. Furthermore, the inclusion of a margin within the needs modelling (which aims to provide flexibility of supply / a choice of sites), as well as the broader factors identified above will affect the employment outturn in net terms.

Table 2.2 Net Jobs supported on Strategic Sites

	Stratford	Warwick	South Warks
Total land need (ha)	234.1	289.1	523.2
Adjustment for margin	200	247	446
Plot ratio	0.35	0.35	0.35
Floorspace need (sq.m)	678,083	837,393	1,515,476
B2 floorspace at 27%	183,082	226,096	409,178
B8 floorspace at 77%	522,124	644,793	1,166,916
B2 gross FTE jobs at 38 sq.m density	4,818	5,950	10,768
B8 gross FTE jobs at 95 sq.m density	5,496	6,787	12,283
60% displacement			
B2 net jobs	2,891	3,570	6,461
B8 net jobs	3,298	4,072	7,370
Sub-total	6,188	7,642	13,831

Multiplier Effects associated with additional Industrial Jobs

- 2.14 The net growth in industrial jobs is then calculated by adding together the ‘strategic’ and ‘local’ industrial needs components.
- 2.15 It is then necessary to consider potential multiplier effects. This addresses how these additional industrial jobs will support some broader jobs growth in other economic sectors – both through supply-chain effects, local spending and in consumer-related sectors (e.g. health, education and retail) and through construction employment.
- 2.16 We apply a 30% multiplier to the additional industrial jobs to take account of these effects. This has regard to the range in the HCA Additionality Guide, which sets out a figure of 10% at a neighbourhood level and 50% at a regional level for medium-level interventions. It reflects significant growth in core sectors which are already included within the base forecasts.
- 2.17 However there is then a need to consider the overlap between this and the in broader sectors which are already considered within the labour

demand model. To take account of this, we have reduced the jobs associated with the multiplier effects to 15% in a sensitivity analysis.

Results: Overall Jobs Growth

- 2.18 The results of the analysis indicate **that employment growth of between 71,000 – 76,000 (rounded) can be expected in South Warwickshire between 2021-50**. The calculations are shown below. This should be regarded as a broad estimate of the overall scale of jobs growth which might be envisaged.

Table 2.3 Total Jobs Growth Expected – South Warwickshire, 2021-50

	Stratford	Warwick	South Warks
Office-based activities	10,178	6,422	16,599
Industrial activities: non-strategic sites	7,996	4,746	12,742
Industrial activities: Strategic sites	6,683	8,101	21,201
Multiplier effects (B-class and non B-class)	4,078	3,575	7,885
Other non B-class sectors	5,119	12,047	17,166
Total Jobs	34,054	34,890	75,593

Table 2.4 Total Jobs Growth Expected – South Warwickshire, 2021-50 - Sensitivity Analysis

	Stratford	Warwick	South Warks
Office-based activities	10,178	6,422	16,599
Industrial activities: non-strategic sites	7,996	4,746	12,742
Industrial activities: Strategic sites	6,683	8,101	2,1201
Multiplier effects (B-class and non B-class)	2,039	1,788	3,943
Other non B-class sectors	5,119	12,047	17,166
Total Jobs	32,015	33,103	71,650

3. Homes-Jobs Inter-relationships

Base Demographic Model

- 3.1 We have set up a base demographic model for the HMA to test the jobs-homes relationship. A base projection has then been developed using the latest 2022-based ONS Sub-National Population Estimates to consider the population size and structure is expected to change over time. This is rebased to take account of published data on the population (overall and by age) between 2021-24 from the published ONS Mid-Year Estimates.
- 3.2 Next we make adjustments to this trend-based projection to model the implications of housing provision in line with the standard method housing need. The standard method shows a need for 2197 dpa across South Warwickshire.

Table 3.1 Standard Method Local Housing Need, October 2025

	Dwellings per annum
Stratford-on-Avon	1,112
Warwick	1,085
Total	2,197

- 3.3 The standard method builds in a substantial affordability uplift and therefore our modelling picks up the potential demographic implications of this. Taking a starting point on age and gender-specific household formation from the 2021 Census data, it assumes household representative rates for age groups up to 44 return back to 2001 levels by 2050. The implication of this is that new housing delivery in part supports improved household formation and affordability locally (rather than just growth in population).
- 3.4 The model can therefore be summarised as follows:

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- Taking the 2022-based subnational population projections (SNPP) as a starting point – this includes data on birth and death rates as well as migration;
 - Updating this projection to take account of mid-year population data to 2024 (looking at more recent data about births, deaths and migration);
 - It is assumed that around 3% of new stock will be vacant at any time (to allow for movement within the stock). This means that for 5,344 dpa housing provision in the core modelling scenario it is assumed there would be household growth of approximately 5,188 per annum;
 - Data about the communal population and household formation (household representation) is taken from the 2021 Census with household formation rates for the population aged under 45 assumed to return to the levels seen in 2001. This is used to develop a projection for household growth; and
 - The modelling then flexes migration estimates so there is a sufficient population to fill the additional homes (i.e. population required to generate 5,188 additional households per annum in the core modelling scenario).

Modelling Labour Supply Growth

- 3.5 Growth in labour supply and employment will be affected by changes in economic participation and unemployment.
- 3.6 Economic activity is modelled taking the age and sex profile of participation based on 2021 Census data as a starting point. We then overlay assumptions on changes in participation set out by the Office for Budget Responsibility in the 2018 Fiscal Sustainability Report, which

in effect models some improvement in economic participation amongst women over time (narrowing the gap between the genders) and an increase in older people in work (taking account of rising life expectancy and state pension age). The detailed modelling assumptions are set out in the sub-regional report.

- 3.7 As the starting point for the analysis in 2021 was during the Covid-19 pandemic, the modelling also takes account of a modest level of latent labour at this point and assumes some jobs growth from this point in the economic cycle is met through a reduction in unemployment. This is modelled based on the difference in the Claimant Count between 2021 and 2024.
- 3.8 In considering the number of jobs which could be supported, we also take into account double jobbing recognising that some people hold down more than one job. We assume around 4% of people have more than one job based on data from the Annual Population Survey (APS) for the sub-region over the last 5 years.
- 3.9 The results of the modelling are shown below. This indicates applying standard modelling assumptions (based on the latest commuting data), would imply around 80,100 jobs would be supported by the standard method to 2050 across South Warwickshire.
- 3.10 However on a 1-1 ratio (assuming no net growth in out-commuting) up to 72,900 jobs (rounded) could be supported.
- 3.11 Given the potential for commuting to flex, these should be regarded as a set of parameters for the scale of jobs growth which could be supported.

Table 3.2 Jobs supported by Standard Method in South Warwickshire, 2021-50²

2021-50	Stratford	Warwick	South Warks
Growth in economic activity	33,877	34,113	67,990
Contribution from reduced unemployment	738	853	1,590
Resultant growth in labour supply	34,614	34,965	69,580
Jobs supported with double jobbing (1-1 commuting)	36,360	36,498	72,858
Jobs supported with 2021 Census commuting	38,409	41,688	80,098

Source: Icen analysis

- 3.12 **The analysis points to a broad alignment between the scale of housing growth envisaged with housing delivery in line with the standard method and the findings on employment land needs.**
- 3.13 The Paper does not take account of any contributions which the LPAs choose to make to unmet needs (for housing or employment).

² Rounded numbers are presented
