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BATH AND NORTH EAST SOMERSET COUNCIL

Bath and North East Somerset Future Economic Needs Assessment Update

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Contents

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1 Introduction

1.1 HJA has been instructed by Bath & North East Somerset (B&NES) Council to provide an update to the *Bath and North East Somerset Future Economic Needs Assessment* report (hereafter FENA), published in February 2024.

1.2 The primary reason for the update is the publication of a revised National Planning Policy Framework (NPPF) in December 2024, accompanied by an updated standard method for assessing housing needs. As a result of these changes to national policy and guidance the level of housing provision within the emerging B&NES Local Plan has changed substantially. In addition, the revisions to the NPPF included a number of updates relevant to planning for the economy.

1.3 The February 2024 FENA considered the future requirement for employment sites and premises in B&NES under a number of scenarios. The preferred scenario was based on a balanced labour market, such that B&NES could accommodate enough jobs to meet the needs of its resident workforce without altering existing commuting patterns in-to and out-from B&NES[1].

1.4 As a result of a substantial increase in the level of housing required within the emerging Plan there is the potential for a larger resident workforce. Therefore, in order to retain a balanced labour market[2], a higher level of jobs may need to be planned for.

1.5 This report considers the potential workforce implications of higher housing provision in B&NES, and the knock-on implications of this for employment land provision within the emerging Plan. There is also consideration of other revisions within the NPPF related to planning for the economy and employment.

1.6 This report should be considered an update or addendum to the February 2024 FENA. Wherever possible the same methodology is employed, and is not re-explained in detail again.

1.7 To aid comparison with the 2024 report all figures are presented for the same 2023-2043 period. Figures are also presented for the period 2025-2043, and sub periods within this, to better align to the revised plan period now under consideration.

[1] Whilst commuting choices cannot be controlled, insufficient provision for employment growth will create the conditions for higher levels of out commuting as residents look for employment outside the authority boundaries. Equally, over provision of employment space could create the potential for increased levels of in commuting from other areas. If provision is substantially misaligned this could have impacts on neighbouring authority areas, either through drawing workforce away from other areas towards B&NES, or creating an abundance of workers flowing into neighbouring areas that may not be provided for adequately through other Local Plans.
[2] Which also aligns with the requirements of Planning Practice Guidance for economic needs assessments, which requires consideration of labour supply led approaches.

2 Aligning Jobs & Homes

2.1 This chapter considers the workforce implications arising from the change to the number of homes to be planned for in B&NES following revisions to the Standard Method. Analysis sets out the number of jobs required to produce a balanced labour market. This is referred to as the Labour Market Balance (LMB) scenario.

Approach

2.2 Analysis to establish the demographic implications of the B&NES housing need figures has been undertaken by ORS[3,4]. This provides an estimate of the additional economically active population in B&NES.

2.3 The assumptions underpinning the LMB scenario presented in the 2024 FENA have then been applied to the additional population estimate. These include adjustments for changing economic activity rates, unemployment, double jobbing, and commuting[5].

Jobs requirement

2.4 This analysis generates an estimate of approximately 28,000 additional jobs required within B&NES to balance with the labour market implications of delivering 1,489 homes per annum over the 20 year analysis period.

2.5 Table 2.1 sets out the additional jobs requirement estimated within this analysis compared to historic performance and the scenarios reported in the 2024 FENA.

2.6 Historic change is shown as a range, and that range is fairly wide. This reflects the volatility of official data on total jobs in B&NES. The choice of historic period has a substantial impact on the scale of employment growth. Both 10- and 20- year trend data has been presented.

2.7 For both time periods it is evident the higher level of housing requirement increases the number of jobs required. The uplift in the number of jobs required is almost double the level assessed within the 2024 FENA.

2.8 The assessed requirement is above the 20 year trend rate of jobs growth. It falls just within the upper end of the range for the 10 year trend projection.

[3] ORS (2024) Bath & North East Somerset Local Housing Needs Assessment
[4] Based on scenario for 1,489 dwellings per annum including allowance for potential households
[5] Two approaches are used. The first drawing on data from Office for National Statistics (ONS) Annual Population Survey (2024), Census of Population (2011 and 2021), Model Based Estimates of Unemployment and Office for Budget Responsibility (OBR) expectations for future change in economic activity rates to model the relationship between population, workforce and jobs within B&NES. The second, a simpler approach focused on the ratio of population to jobs within B&NES drawing on ONS data from the Jobs Density (total jobs) seriesJobs Density (total jobs) series and Population Estimates, averaging the ratio 2011-2021.

Table 2.1: Comparison of updated 2025 LMB scenario with historic data and 2023 ESPRE

Scenario	2025-2043	2023–2043
Historic change projection (ONS 20 year trend)[6]	14,000–22,000	15,000–24,000
Historic change projection (ONS 10 year trend)[7]	10,000–27,000	20,000–30,000
2024 FENA - Oxford Economics (OE)	13,000	16,000
20234 FENA – Cambridge Econometrics (CE)	13,000	14,000
2024 FENA – Labour Market Balance	13,000	15,000
2025 Update – Labour Market Balance	25,000	28,000
Change in LMB Scenarios	**+12,000**	**+13,000**

Note: figures rounded to the nearest thousand.

[6] 20-year projection based on 20-year historic change measured between 2000/03–2020/23. Multiple years were selected to account for variability in official data. Source: ONS Total Jobs (Jobs Density).
[7] 20-year projection based on 10-year historic change measured between 2010/03–2020/23. Multiple years were selected to account for variability in official data. Source: ONS Total Jobs (Jobs Density).

3 Indicative Employment Scenarios

3.1 This chapter considers potential scenarios for how the B&NES economy could grow to meet the level of employment growth required to deliver labour market balance described in the previous chapter.

3.2 The 2024 FENA set out a number of sectoral growth scenarios. Two baseline scenarios drawing on the forecasts provided by Oxford Economics and Cambridge Econometrics, and a higher growth variant of each to align the overall level of growth required to balance the labour market.

3.3 Further upward revision is required to meet the latest labour market balance scenario. The scale of growth is moving well beyond the baseline forecasts, and beyond historic growth benchmarks for B&NES.

3.4 In considering how the economy might change to meet the higher requirement two key drivers of change have been considered:

1. The potential for additional jobs to service a larger population arising from higher levels of house building; and
2. Sectors which are the focus of local and sub-regional policy support.

Population driven growth

3.5 A number of sectors will be directly impacted as a result of a larger population in B&NES. In particular:

- Education;
- Health;
- Retail;
- Transport;
- Food service;
- Arts and recreation;
- Other services (e.g. hair and beauty); and
- Construction (as a result of higher levels of house building and increased maintenance requirements).

Policy driven growth

3.6 The B&NES Economic Strategy has recently been refreshed. Emerging work across the wider West of England sub-region on the Local Growth Plan is also identifying some similar sectoral priorities. These include:

- 'Going Green' including retrofit;
- Professional, scientific and technical;
- Creative and cultural (including the National Centre for Fashion and Sustainability);
- Health science; and
- Regional strength alignment including advanced manufacturing, low carbon, fintech, ICT and digital.

Illustrative sectoral growth scenarios

3.7 Table 3.1 below sets out illustrative sectoral growth scenarios, comparing the labour market balance scenario from the 2024 FENA with the current analysis. The figures are the result of a manual adjustment to the original baseline projections. The scale of adjustments for each sector are judgments based on the level of historic employment growth in B&NES, the extent to which employment in the sector is linked to servicing the local population, and the level of policy prioritisation. Whilst they draw on the underlying baseline data provided by Oxford Economics and Cambridge Econometrics, the stated figures are a significant departure in terms of overall scale of growth, as described in the previous chapter of this report. For this reason they should be interpreted as illustrations rather than projections or forecasts.

Table 3.1: Sectoral employment change 2023-43 across illustrative labour market scenarios

Sector	2024 FENA Labour Market Balance Scenario		2025 Update New Standard Method Labour Market Balance Scenario	
	OE based	CE based	OE based	CE based
Primary industries (agri., forestry, mining etc)	(80)	30	-	-
Manufacturing	(1,800)	(540)	(250)	250
Utilities	(290)	110	-	150
Construction	1,900	2,100	3,750	4,250
Motor trade	110	90	150	150
Wholesale trade	170	140	250	250
Retail Trade	460	460	1,000	1,000
Transportation and storage	(710)	(80)	-	-
Accommodation and food services	1,300	3,600	2,400	4,500
Information and communication	310	1,200	1,250	2,100
Financial and insurance activities	100	(140)	200	-
Real estate activities	300	120	850	600
Professional, scientific and technical activities	3,300	2,400	5,250	4,200
Administrative and support service activities	1,900	1,600	3,000	2,600
Public administration and defence	(240)	(30)	-	-
Education	1,200	860	2,000	1,500
Human health and social work activities	5,500	2,400	6,000	5,000
Arts, entertainment and recreation	1,200	810	1,500	1,250
Other service activities	590	50	650	200
TOTAL	**15,200**	**15,200**	**28,000**	**28,000**

Figures may not sum due to rounding.

3.8 As within the 2024 FENA the Oxford Economics and Cambridge Econometrics based approaches retain sectoral variation which is helpful to illustrate how the performance of sectors might differ in the future, and this enables the employment sites and premises modelling which follows to consider more than one view of future employment change.

4 Future Employment Sites and Premises Requirements

4.1 This chapter considers the employment sites and premises requirements associated with the sectoral growth scenarios set out in the previous chapter.

4.2 The preceding chapters have set out how additional housing provision will require additional local job opportunities in order to maintain labour market balance, and modelled how additional job growth might be distributed across sectors of the economy.

4.3 The key question for the Local Plan is what implications this has for the future requirement for sites and premises to support the economy.

4.4 The revised sectoral economic projections have been used as an input to the same methodology as within the 2024 FENA. This ensures consistency and comparability with previously reported estimates of future requirements.

4.5 Set out below are a series of tables setting out the estimates reported in the 2024 FENA compared to the revised estimates.

4.6 Table 4.1 shows how the revised employment forecasts are spread across Use Classes. This shows an additional ~6,500 jobs within the 'employment'[8] Use Classes resulting from population impacts associated with the new Standard Method.

4.7 Uses that have the most substantial changes as a result of the updated LMB scenario are Offices (E(g)(i)), Residential institutions (C2), and Education and non-residential (F1).

4.8 The most substantial contributor to overall employment change is the None and homeworking category, which accounts for around 33%–34% of additional jobs. There is no floorspace demand associated with this category.

4.9 This report is focused on the traditional 'employment' Use Classes, setting out evidence on the future requirements for these Uses. Alternative approaches to assessing requirements for other uses, such as infrastructure delivery planning and retail & leisure assessments, are generally used to ensure suitable provision is made within Local Plans. The floorspace and land estimates set out in this report do not make provision for other Use Classes.

[8] B2, B8 and E(g) which have traditionally been referred to as employment. However, it is clear from the table that other Use Classes accommodate substantial proportions of forecast employment growth.

Table 4.1: Estimated Change in Employment Across Use Classes (2023 to 2043)

[Update to 2024 FENA Table 3.2]

Use Class	Description	Baseline (2024 FENA)		LM Balance (2024 FENA)		New Standard Method LM Balance	
		OE based	CE based	OE based	CE based	OE based	CE based
B2	**General industrial**	(1,400)	(400)	(1,400)	(400)	(130)	270
B8	**Storage or distribution**	210	220	200	240	430	430
C1	Hotels	220	570	210	600	400	750
C2	Residential institutions	3,500	1,500	3,500	1,500	3,800	3,200
E(a)	Display or retail sale of goods	820	700	800	730	1,400	1,300
E(b)	Sale of food and drink	530	1,400	520	1,400	990	1,800
E(c)	Financial & professional	120	40	110	40	240	160
E(d)	Indoor sport and recreation	310	200	300	210	400	330
E(e)	Medical or health services	1,100	480	1,100	500	1,200	1,000
E(f)	Creche, day nursery/centre	260	90	250	90	280	200
E(g)(i)	**Offices**	3,200	2,600	3,100	2,800	5,900	5,300
E(g)(ii)	**Research and development**	130	130	130	140	240	250
E(g)(iii)	**Light industrial**	60	80	60	80	110	130
F1	Education and non-residential	1,300	800	1,200	840	2,000	1,500
F2	Local community uses	190	120	180	130	240	200
SG	Excluded from classification	650	1,000	630	1,100	1,300	1,500
None and homeworking		4,500	4,900	4,300	5,200	9,200	9,600
Total		16,000	14,000	15,000	15,000	28,000	28,000
'Employment' uses only		**2,200**	**2,700**	**2,100**	**2,800**	**6,500**	**6,400**

Source: HJA

Figures may not sum due to rounding

4.10 Table 4.2 sets out the net additional employment demand implied by the forecast changes in employment by Use Class (i.e. that part of the total future requirement attributable to changes in the size and structure of the economy). When compared to the 2024 FENA this shows substantial increases in the requirement for office[9] and laboratory space, substantial decreases

[9] It is noted that the office market is currently relatively quiet. It should be recognised that this analysis is considering long term trends based on modelled employment change. Over the course of a 20 year period there will be substantial changes in market sentiment. At the current time the commercial office market is continuing to adjust to changing working practices exacerbated by the Covid-19 pandemic, including the widespread use of hybrid working. The long term implications of this are still uncertain, with reports of increasing number of organisations increasing the proportion of time its employees are expected to be present within offices.

in the negative requirement for light and general industrial space (to the extent the update CE scenario generates a positive requirement), and substantially increases the requirement for warehousing space.

Table 4.2: Estimated Net Additional Employment Floorspace Demand by Use Class (2023 - 2043) sq m

[Update to 2024 FENA Table 3.3]

Use Class	Description	Baseline (2024 FENA)		LM Balance (2024 FENA)		New Standard Method LM Balance	
		OE based	CE based	OE based	CE based	OE based	CE based
E(g)(i)	Offices	37,000	31,000	36,000	33,000	69,000	63,000
E(g)(ii)	Research & development	7,200	7,500	7,000	7,800	13,000	14,000
	Office & Laboratory	**44,000**	**39,000**	**43,000**	**41,000**	**83,000**	**77,000**
E(g)(iii)	Light industrial	2,700	3,500	2,600	3,700	5,200	5,800
B2	General industrial	(51,000)	(15,000)	(51,000)	(15,000)	(5,100)	9,600
	Industrial	**(48,000)**	**(11,000)**	**(49,000)**	**(11,000)**	**110[10]**	**15,000**
B8	**Storage or distribution**	**15,000**	**16,000**	**14,000**	**17,000**	**30,000**	**30,000**

Source: HJA

Figures may not sum due to rounding.

4.11 The following pages include updates to the tables from the 2024 FENA for the office, industrial, and warehousing & logistics sectors. This includes the net additional changes (as set out above) as well as replacement requirements (to ensure reprovision of losses and capacity to upgrade commercial property which is no longer fit for purpose) and other adjustments for market flexibility. These show:

- Increases in the overall requirement for office floorspace;
- Increases in the overall requirement for industrial sites; and
- Increases in the overall requirement for warehousing and logistics sites.

4.12 The relative scale of change in total requirements is more modest than for net additional requirements as a result of the significant influence of replacement provision on the drivers of total future requirements. The scale of replacement requirements has not changed from that set out in the 2024 FENA.

4.13 The 2024 FENA (para 3.52) identified that the scale of requirement was above the levels of historic completions of commercial employment property in B&NES. The increased levels of requirement estimated in this analysis exacerbate this situation.

[10] This is not a typographical error. The adjustment to manufacturing employment, adjusting the decline to zero leads to a negligible adjustment in net additional B2 requirements, resulting from the small scale need for such space arising from other sectors.

4.14 As per the 2024 FENA the stated figures discounted to take account of the replacement or large scale refurbishment of commercial employment property on existing employment sites[11]. The figures are therefore an assessment of the supply needed to be identified within the Local Plan. However, no discount or adjustment has been made for existing allocated employment sites which are as yet undeveloped (e.g. the Somer Valley Enterprise Zone). This is purely an estimate of future requirements, not supply.

4.15 In addition, where large scale regeneration presents the opportunity to deliver a much higher quantum of employment development on previously developed employment sites (either through densification or because of scale) this could lead to a reduced requirement for new sites to be provided.

Table 4.3: Office and R&D Floorspace Requirements Five-Year Intervals (sq m)

[Update to 2024 FENA Table 3.6]

	Baseline Forecasts		LM Balance Scenario		Updated LM Balance	
	OE based	CE based	OE based	CE based	OE based	CE based
2023–2028	27,000	22,000	27,000	23,000	39,000	25,000
2028–2033	23,000	23,000	23,000	23,000	28,000	30,000
2033–2038	22,000	23,000	22,000	23,000	27,000	30,000
2038–2043	21,000	23,000	21,000	23,000	25,000	30,000
2023 - 2043	**94,000**	**90,000**	**93,000**	**91,000**	**119,000**	**116,000**

Figures may not sum due to rounding.

Table 4.4: Industrial Employment Land Requirements Five-Year Intervals (ha)

[Update to 2024 FENA Table 3.10]

	Baseline Forecasts		LM Balance Scenario		Updated LM Balance	
	OE based	CE based	OE based	CE based	OE based	CE based
2023–2028	4	4	4	4	5	6
2028–2033	3	5	3	5	5	6
2033–2038	3	5	3	5	5	6
2038–2043	3	5	3	5	5	6
2023 - 2043	**13**	**19**	**13**	**19**	**21**	**24**

Figures may not sum due to rounding.

[11] Based on historic patterns of activity.

Table 4.5: Warehousing & Logistics Employment Land Requirements Five-Year Intervals (ha) [Update to 2024 FENA Table 3.13]

	Baseline Forecasts		LM Balance Scenario		Updated LM Balance	
	OE based	CE based	OE based	CE based	OE based	CE based
2023–2028	5	4	5	4	6	5
2028–2033	4	4	4	4	4	5
2033–2038	4	4	4	4	4	5
2038–2043	4	4	4	4	4	4
2023 - 2043	**16**	**17**	**16**	**17**	**19**	**18**

Figures may not sum due to rounding.

Plan period requirements

4.16 The requirements set out above provide a useful comparison between the position reported within the 2024 FENA and the updated requirements based on the new standard method. However, the period under consideration within the emerging B&NES Local Plan is 2025–2043. Therefore, updated employment sites and premises requirements based on the new Standard Method LM Balance scenario for the relevant Plan period are set out in Table 4.6.

Table 4.6: B&NES Employment Sites and Premises Requirements – New Standard Method LM Balance Scenario (2025–2043)

	Offices (sq m)		Industrial (ha)		Warehousing & Logistics (ha)	
	OE based	CE based	OE based	CE based	OE based	CE based
2025–2030	34,000	29,000	5	5	4	5
2030–2035	27,000	30,000	5	5	4	4
2035–2040	27,000	30,000	5	5	4	4
2040-2043	14,000	18,000	3	3	2	2
2023-2043	**100,000**	**110,000**	**17**	**20**	**14**	**15**

Figures may not sum due to rounding.

Sub area analysis

4.17 Table 4.7 sets out data tables for estimated employment sites requirements across the four B&NES sub-areas:

- Bath City
- Keynsham
- Somer Valley
- Rural areas

4.18 The distribution of B&NES level requirements across sub-areas is indicative and is not informed by any planned spatial apportionment of housing. The primary drivers of sub-area requirements are existing employment and existing employment space. Policy making may therefore wish to consider a wider range of factors, but be informed by this analysis as a starting point. Commercial market factors, including occupier preferences may also change, leading to replacement requirements being provided in a different sub-area.

4.19 The vast majority of office related requirement continues to be concentrated on Bath City. This is in keeping with commercial market sentiment which is presently very focused on the best quality products in locations with strong amenities for workers. The significant uplift in requirements as a result of the much higher labour supply led scenarios will be potentially challenging to deliver in the context of historic development levels across B&NES.

4.20 Industrial and warehousing uses are more evenly distributed, with the exception of the Somer Valley which is identified to have a concentration of industrial space due to its existing stock driving replacement requirements. The historic replacement element of future requirements is the primary driver of the stated figures, ensuring a modern supply of commercial premises. In line with offices, current trends are focused on occupiers demanding high quality premises that meet ESG (environmental, sustainability and governance) expectations, particularly in the face of increasing regulatory requirements for the energy efficiency of buildings (MEES, minimum energy efficiency standards). However, development viability can be a challenge in many areas.

4.21 The sub-area requirements for logistics and warehousing have not been adjusted to take account of current commercial market factors. The most significant drivers of demand are access, power supply and workforce. Where existing businesses need to move or upgrade premises, it is often the case that they do not want to move large distances, in order to retain existing workforces with the minimum of disruption. Strategic transport access across B&NES can be a challenge, and has been highlighted as a particular issue in the Somer Valley.

Table 4.7: Sub-Area Employment Sites and Premises Requirements – New Standard Method LM Balance Scenario (2025–2043)

	Bath City		Keynsham		Somer Valley		Rural Areas	
	OE based	CE based	OE based	CE based	OE based	CE based	OE based	CE based
Offices								
Net Floorspace Requirement (sq m)	74,000	79,000	12,000	13,000	7,000	7,000	9,000	10,000
Land requirement (ha, indicative)	9	10	2	2	0.8	0.8	1.2	1.2
Industrial								
Net Floorspace Requirement (sq m)	15,000	19,000	8,000	8,000	14,000	17,000	33,000	34,000
Land requirement (ha)	4	5	2	2	3	4	8	9
Warehousing & Logistics								
Net Floorspace Requirement (sq m)	23,000	25,000	16,000	17,000	15,000	16,000	18,000	19,000
Land requirement (ha)	5	5	3	3	3	3	4	4

Figures may not sum due to rounding.

5 NPPF Revisions to Employment and Economy

5.1 The December 2024 changes to the NPPF include a number of changes relevant to the way Local Plans make provision for the economy. This chapter considers the potential implications of changes to Chapter 6 of the NPPF for B&NES.

Proposed Changes

5.2 There are two paragraphs that are subject to revision which relate to planning policies. Paragraph 86 makes changes relevant to strategic sites and provision for the modern economy. Paragraph 87 makes further changes related to this. The relevant paragraphs are set out below. The recent revisions are highlighted in green text.

> *86. Planning policies should:*
>
> *a) set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to the national industrial strategy and any relevant Local Industrial Strategies and other local policies for economic development and regeneration;*
>
> *b) set criteria~~, or~~ and identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;*
>
> *c) pay particular regard to facilitating development to meet the needs of a modern economy, including by identifying suitable locations for uses such as laboratories, gigafactories, data centres, digital infrastructure, freight and logistics.*
>
> *d) seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and*
>
> *e) be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices, and to enable a rapid response to changes in economic circumstances.*
>
> *87. Planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for:*
>
> *a) clusters or networks of knowledge and data-driven, creative or high technology industries; and for new, expanded or upgraded facilities and infrastructure that are needed to support the growth of these industries (including data centres and grid connections);*
>
> *b) storage and distribution operations at a variety of scales and in suitably accessible locations that allow for the efficient and reliable handling of goods, especially where this is needed to support the supply chain, transport innovation and decarbonisation;*
>
> *c) the expansion or modernisation of other industries of local, regional or national importance to support economic growth and resilience.*

5.3 In addition to the revised NPPF text the July 2024 consultation document provided further discussion:

> *3. Alongside supporting housing, this NPPF is proposing changes to the planning system to drive greater commercial development in those sectors which will be the engine of the UK's economy in the future. Our proposed changes to the planning system are intended to provide particular support for the following key industries:*
>
> *a. Laboratories: access to laboratory space is essential to the UK's research and development activities, keeping the UK at the cutting edge of research-intensive sectors such as the life sciences. Scaling up the right lab space to meet growing needs in our world leading clusters is critical to economic growth. It attracts talent and underpins the development of many groundbreaking new discoveries such as precision medicines or quantum technologies.*
>
> *b. Gigafactories: battery cell manufacturing plants, commonly called 'gigafactories' (when capacity exceeds 1GWh of cells), are essential for the electric vehicle supply chain. By accelerating domestic battery making capacity, we will give our manufacturing sector the certainty it needs to flourish.*
>
> *c. Digital Infrastructure: digital infrastructure, including data centres, drive growth across the economy by connecting businesses and public services thereby enabling them to be more efficient and productive. A data centre is a facility hosting networked computer servers that store and process data at scale, enables AI deployment and hosts all cloud-based data. Data centres produce an estimated £4.6bn in revenue each year in the UK (2021) and are forecast to support a UK tech sector worth an additional £41.5bn and 678,000 jobs by 2025.*
>
> *d. Freight and Logistics: this sector is fundamental to the UK's economic growth and productivity, contributing £84.9 billion in Gross Value Added each year [footnote 9] and employing nearly 1.2 million people [footnote 10]. The freight and logistics sector depends upon a national network of storage and distribution infrastructure to enable local, regional, national and international operations.*
>
> ***Changes to the NPPF to support these modern economies***
>
> [Please note: the text below no longer aligns exactly to the final changes included in the December 2024 NPPF, however, subsequent text changes were very minor].
>
> *4. To support these key growth industries and others, we are proposing updates to existing paragraphs 86 b) and 87 of the existing NPPF.*
>
> *5. The proposed changes to paragraph 86 b) seek to ensure the planning system meets the needs of a modern and changing economy, by making it easier to build laboratories, gigafactories, data centres and digital infrastructure, and the facilities needed to support the wider supply chain. The proposed changes would create a positive expectation that suitable sites for these types of modern economy uses are identified in local plans.*
>
> *6. The additions proposed to existing paragraph 87 of the NPPF apply to both plan making and planning decisions, and set more explicit expectations about the commercial requirements that require particular recognition.*

a. The proposed changes in paragraph 87 a) aim to further support the development of knowledge, creative, high technology and data-driven sectors, by giving more explicit recognition of the need to support proposals for new or upgraded facilities and infrastructure (including data centres and electricity network grid connections) that are key to the growth of these industries.

b. We are proposing wording in paragraph 87 b) to ensure supply chains, transport innovation and decarbonisation are considered, in terms of the locational requirements of the storage and distribution sectors. These proposals aim to support the growth of the freight and logistics sector by encouraging decarbonisation, adaptation to changing patterns of global trade, and adoption of new and emerging technologies across its transport, distribution and storage operations.

c. New wording proposed in paragraph 87 c) aims to support the expansion or modernisation of other key growth industries by consulting on an expectation that additional commercial sites (outside of those identified in paragraphs 87 a) and 87 b)) are identified in plans and positively considered in planning decisions, when they are of local, regional or national importance, and to further support economic growth and resilience.

Potential Implications

5.4 It should be noted that at the time of preparing this addendum to the 2024 FENA no proposed changes to PPG have yet been published. It is possible that further guidance on how these changes to the NPPF should be implemented by local planning authorities will be published in due course. The discussion that follows is therefore based on HJA's initial judgment and review.

Identifying strategic sites

5.5 The deletion of 'or' at the start of paragraph 86 b) has clear implications for local planning authorities. It will no longer be sufficient to set criteria for strategic sites. Instead, LPAs will need to identify those sites.

5.6 However, there remains a question as to whether every local authority area should be making strategic site provision for all the uses listed. Firstly, not all areas are likely to be attractive or have the right conditions for all the listed uses[12]. Secondly, demand is unlikely to warrant sites to be allocated in every locality for every use. It is potentially more appropriate that provision for such strategic uses should be coordinated across functional economic areas (i.e. sub-regions).

5.7 Paragraph 24 of the revised NPPF includes additional text in respect of strategic planning. This makes reference to effective strategic planning across local planning authority boundaries that will be relevant to strategic infrastructure. It is also clear from the supporting text in the earlier consultation document that the stated economic uses are considered strategic infrastructure, with consultation on whether they could be considered nationally significant

[12] It should be noted that the list of uses (laboratories, gigafactories, datacentres and logistics) is not framed as exhaustive nor compulsory. The use of 'such as' implies these are indicative. However, the supporting text within the consultation clearly implies the stated uses should be considered.

infrastructure, and therefore dealt with through the NSIP (Nationally Significant Infrastructure Project) consenting regime.

> 24. *Effective strategic planning across local planning authority boundaries will play a vital and increasing role in how sustainable growth is delivered and key spatial issues, including meeting housing needs, delivering strategic infrastructure, and building economic and climate resilience, are addressed. Local planning authorities and county councils (in two-tier areas) ~~are~~ continue to be under a duty to cooperate with each other, and with other prescribed bodies, on strategic matters that cross administrative boundaries.*

5.8 On this basis appropriate provision of strategic sites across the identified uses should be considered across larger than local geographies. The intention to develop a new strategic layer of planning, in the form of Spatial Development Strategies, within the draft Planning and Infrastructure Bill (March 2025) is stated as a tool for boosting the effectiveness of cross boundary strategic planning.

5.9 However, in the interim B&NES Council should consider how it is already addressing these matters and where there may be gaps. Having flexibility within the supply portfolio can provide the potential to accommodate strategic investments when they come along. The discussion of modern economy uses below considers some of the site requirements for key uses flagged in the NPPF.

Modern economy uses

5.10 The revised NPPF sets out four primary example uses:

- Laboratories
- Gigafactories
- Digital infrastructure (including data centres)
- Freight and logistics

5.11 There is also a requirement to consider the expansion of other industries of local, regional or national importance.

Existing ESPRE approach

5.12 Within the 2024 FENA there was some consideration of a number of key sectors:

- Aerospace and Advanced Engineering;
- **Tech and Digital**;
- Financial and Professional Services;
- Creative and **Digital**;
- Clean Tech and Energy;
- **Health and Life Sciences**;
- Food and Drink; and
- **Transport and Storage**.

5.13 These sectors were identified based on their relevance to the wider West of England economy. These map well to the majority of uses identified within the proposed NPPF. Particularly those shown in bold type above.

5.14 Considering the four primary example uses in turn:

Laboratories

5.15 A distinction should also be drawn between 'wet labs' and 'dry labs', and the differing needs of users occupying each type. Users of wet labs typically carry out experiments using physical substances e.g. biochemicals or pharmaceuticals, while a dry lab focuses on computational, theoretical, or data-driven research without physical substances.

5.16 For the purposes of this study, to determine whether any uplift to E(g)(ii) floorspace requirements is required, VOA data is used to determine the existing share of E(g)(ii) floorspace within B&NES that is categorised as 'laboratory' space. The latest (2023) records show no laboratory floorspace within B&NES[13]. This compares to an equivalent figure of around 0.9% of all office floorspace recorded as lab space in England.

5.17 At present there is no major laboratory related development within B&NES. That is not to say there is an absence of science and innovation activity, with specialist facilities within the Universities in Bath and the Royal United Hospital.

5.18 The 2024 FENA estimated demand for up to 7,800 sq m of R&D space (Use Class E(g)(ii)). In the updated analysis set out in this addendum the figure has increased to ~14,000 sq m.

5.19 The sector related commercial market commentary in the 2024 FENA noted that laboratory development in the life sciences would be primarily clustered around universities, science parks and hospitals. Within the wider sub-region there are a range of life sciences and lab related uses. There is specific provision around key knowledge hubs.

5.20 The need for lab space has been considered qualitatively within the sector profiles and the quantitative assessment of future requirements. Based on the available evidence there is no clear justification for increasing the estimated future requirement. However, suitable supply to meet the needs of the health science sector, linked to research centres should be ensured.

Gigafactories

5.21 A gigafactory is a facility to manufacture batteries for electric vehicles and a range of other applications at scale. Gigafactories were not considered within the 2024 FENA.

5.22 Gigafactories are notable for their intensive energy requirements due to high-demand manufacturing processes that operate continuously. Power and energy demand in these facilities can exceed hundreds of megawatts (MW) to support processes such as electrode production, battery assembly, and quality control.

5.23 Some important considerations in determining gigafactory location include:

- Grid capacity: gigafactories require robust grid connectivity with high-capacity infrastructure capable of meeting sustained power demand. Substantial investment in new grid infrastructure would be required in locations where this does not currently exist.
- Renewable energy sources: gigafactories can incorporate on-site renewables or partner with local renewable energy providers to provide the required capacity.

[13] The 2017 data also has no records of laboratory premises. That is not to say premises recorded for other uses e.g. University space, would not include laboratory facilities.

- Proximity to supply chain: battery production requires specific raw materials, and proximity to suppliers and distribution networks can mitigate costs associated with transportation and logistics.
- The UK Battery Strategy states that gigafactories require *"a contiguous, flat site of over 300 acres* [i.e. 120+ hectares] *with access to a sufficiently powerful electrical connection"* [pg. 46]. Additional locational requirements are noted:
  - Close to transport (road, rail, sea and air) for supply chain movements
  - Close to specialised labour
  - Ability to store dangerous substances on site

5.24 Savills have noted that the locational requirements of gigafactories are so specific that there are few places in the UK where it would be possible to develop them, at least in the short term.

5.25 Agratas, a subsidiary of Tata Group, specialises in advanced battery technologies for electric vehicles and energy storage solutions. The company is constructing a 40 GWh gigafactory at the Gravity Smart Campus near Bridgwater, Somerset, which is projected to become the UK's largest battery manufacturing facility, creating up to 4,000 high-skilled green tech jobs and supplying nearly half of the UK's automotive battery capacity by the early 2030s. The large flat Gravity site benefits from its proximity to the Hinkley Point C new nuclear power station.

5.26 In terms of the prospects for further gigafactory development in close proximity to Gravity, it is worth considering the national position in the first instance. The Faraday Institution (2024) estimates that by 2040, demand for batteries in the UK will require ten gigafactories with an average capacity of 20 GWh. Agratas will account for approximately two such factories (given its 40 GWh capacity). This leaves a requirement for a further eight gigafactories nationally within the B&NES plan period.

5.27 With the current focus on establishing this current very large facility approximately 15 miles from the western edge of B&NES, and the national demand for relatively few of these developments it is unlikely a further gigafactory would be located in the area in the short term.

5.28 Notwithstanding, because of the scale and nature of site requirements, locations that can offer site opportunities to match the requirements may be considered for future investments. This could be considered through site assessment work but is likely to be more suitable for consideration as part of any future Spatial Development Strategy at sub-regional level. Given broader constraints on supply, and the requirements of gigafactory locations it is unlikely B&NES would be able to meet the required criteria.

5.29 There is insufficient justification at this stage to recommend serious consideration of gigafactory provision within the B&NES Local Plan process.

Digital Infrastructure (including Data Centres)

5.30 The UK has the largest number of data centres in Western Europe, with 80% located in London. However, a lack of suitable sites in London has been pushing demand further outside of the M25, along the M4.

5.31 Depending on the size and use of the data centre it is possible to locate in diverse places. However, a review conducted in Scotland focused on two particular requirements:

- Hyperscale data centres: These are large scale data centres which generally take up at least one million sq ft (~100,000 sqm) of space. They run over 5,000 servers and so require significant levels of power. They often locate close to renewable energy sources.
- Regional data centres: There are typically enterprise (for a particular business) or colocation (multiple businesses rent out space) data centres. Small data centres can operate at scales below 10,000 sq ft (~1,000 sqm) but are often larger.

5.32 Data centre developers are often interested in capacity for expansion as well as sufficient space to meet existing requirements.

5.33 Data centres are highly energy-intensive due to the continuous operation of computing equipment and the need for cooling systems to manage heat. UK data centres generally have substantial energy requirements, with larger facilities consuming between 50 to 200 MW.

5.34 Key location determinants for data centres include:

- Stable power supply: data centres require stable, uninterrupted power to support 24/7 operations. Redundant power sources, such as uninterruptible power supplies (UPS) and backup generators, are necessary to ensure resilience in case of grid disruptions.
- Cooling infrastructure: energy-intensive cooling systems are important for maintaining safe operating conditions.
- Access to renewable energy: data centres can utilise on-site renewable energy to reduce their grid connection requirements.

5.35 The 2024 FENA did not explicitly consider datacentres. Recent discussions with tech and digital sector representatives in the West of England sub-region have indicated that additional data centre capacity could be required within the next 5-10 years.

5.36 Subject to power supply and data connectivity considerations, locations in B&NES may be considered for this if suitable sites were available. The consideration of industrial and warehousing space within the earlier sections of this report would include potential to accommodate smaller regional data centre type development. The key factor would be availability of supply that meets the necessary criteria.

Freight and Logistics

5.37 The logistics industry plays a critical role in enabling an efficient, sustainable and effective supply of goods for consumers and businesses, as well as contributing to local employment opportunities, and has distinct locational requirements that need to be considered in formulating planning policies (separately from those relating to general industrial land).

5.38 Work undertaken by property adviser Turley for the British Property Federation suggests that a national distribution centre would require 1 million sq ft of space (~100,000 sqm) on a site of between 23 ha and 40 ha, and a regional distribution centre would require 500,000 sq. ft of space (~50,000 sqm) on a site of around 12 ha. There is also demand for smaller local operations which can be accommodated on smaller sites.

5.39 Occupiers also seek sites with:

- Excellent links into the transport network
- Access to sufficient local labour supply

5.40 The wider West of England region already has a significant freight and logistics hub at Severnside. There remains substantial additional capacity at Severnside for further strategic logistics development, including existing vacancy of two very large distribution units developed speculatively by Panattoni.

5.41 The lack of strategic road access in B&NES is likely a significant constraint on major strategic freight and logistics development. The priority for B&NES should be ensuring local storage and warehouse facilities to underpin the local economy.

6 Conclusions

6.1 This addendum provides an update to the 2024 FENA following revisions to the NPPF and standard method for calculating housing need.

6.2 As a result of an increase in the housing requirement for B&NES there will be additional population which was not considered during the 2024 FENA. In order to maintain a balanced labour market within B&NES there will be a need for an estimated 28,000 additional jobs to be created over the period 2023-43. This is an increase from the estimated 15,000 additional jobs required at the time of the 2024 FENA.

6.3 28,000 additional jobs over a 20-year period extends beyond the bounds of the levels of growth experienced in the past ~20 years in B&NES but falls just within the higher end of the 10-year trend range. It is a substantial uplift to the level of job growth indicated by baseline economic forecasts from both Oxford Economics and Cambridge Econometrics.

6.4 The presence of additional population will drive employment growth in a range of sectors, in order to service the needs of B&NES residents. This includes additional employment in education, health and other services. The higher level of housing development will also increase demand for construction workers.

6.5 An updated Economic Strategy for B&NES has identified other areas of growth potential.

6.6 Drawing on these drivers of growth, indicative sectoral employment scenarios have been developed. These have been used to consider the potential employment sites and premises needs for B&NES over the 2025-2043 Local Plan period as well as comparable figures to the 2024 FENA to cover the period 2023-43.

6.7 Unsurprisingly, higher levels of employment lead to an increase in future sites and premises requirements. However, the uplift is muted by the fact that 1) there will be substantial job creation in roles that do not require 'employment' premises within the B2, B8 and E(g) Use Classes; and 2) the employment driven changes only impact on the 'net additional' element of the calculation of future requirements, with replacement requirements unchanged.

6.8 On a comparable basis this updated assessment indicates an increase of approximately 25,000 sq m of additional office requirements and 6-11 hectares of additional industrial and warehouse land.

6.9 Given the assessed requirement levels being well above historic delivery the need to retain existing employment sites, and deliver upgrading of premises wherever possible is further increased.

6.10 A review of the revised NPPF text relating to employment uses has been made. There is no justification to make any uplift to quantitative requirements. However, B&NES Council may wish to consider whether it makes available capacity for uses such as datacentres, and ensures sufficient lab space linked to knowledge and research hubs.

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