



**HARDISTY JONES
ASSOCIATES**

NORTH SOMERSET COUNCIL

North Somerset Employment Sites & Premises Requirements Evidence Update

March 2025



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1 Introduction

- 1.1 HJA has been instructed by North Somerset Council to provide an update to the *North Somerset Employment Sites & Premises Requirements Evidence* report (hereafter ESPRE), prepared in October 2023.
- 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 North Somerset 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 October 2023 ESPRE considered the future requirement for employment sites and premises in North Somerset under a number of scenarios. The preferred scenario was based on a balanced labour market, such that North Somerset could accommodate enough jobs to meet the needs of its resident workforce without altering existing commuting patterns¹.
- 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 market², 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 North Somerset, 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 October 2023 ESPRE. Wherever possible the same methodology is employed, and is not re-explained in detail again.
- 1.7 To aid comparison with the 2023 report all figures are presented for the same 2023-2043 period. Figures are also presented for the period 2025-2040, and five-year periods within this, to better align to the revised plan period now under consideration.

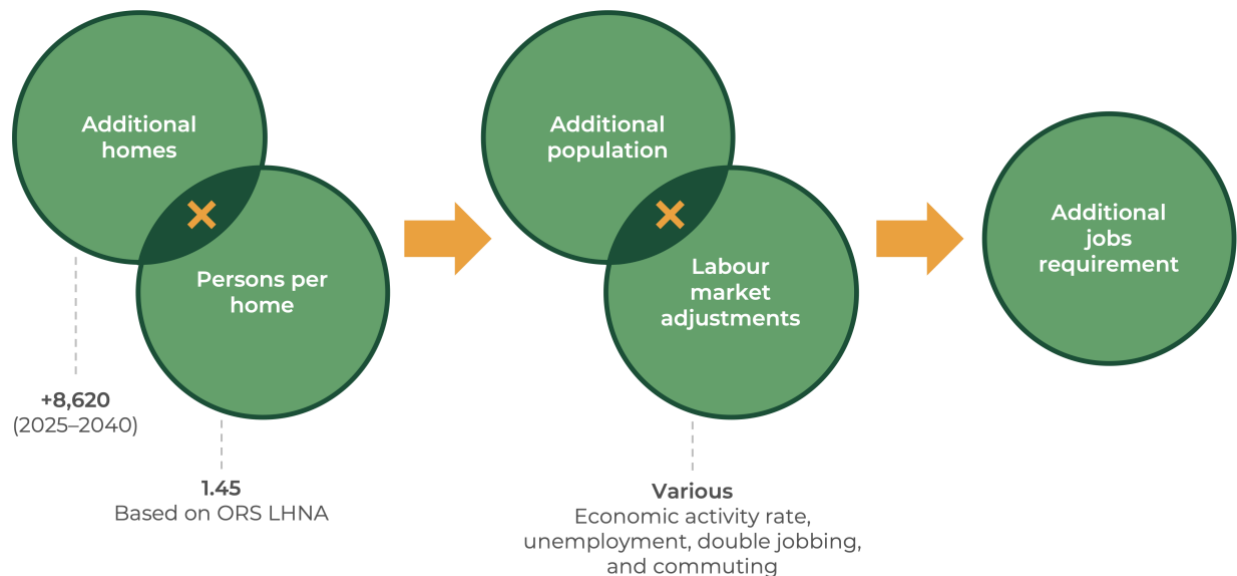
¹ Whilst commuting choices cannot be controlled, insufficient provision for employment growth will create the conditions for higher levels of out commuting as residents look for employment outside the authority boundaries. Equally, over provision of employment space could create the potential for increased 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 North Somerset, 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 North Somerset following revisions to the Standard Method.
- 2.2 Figure 2.1 sets out the approach taken to estimating the additional employment demand associated with potential population increases resulting from higher levels of housing delivery in North Somerset.

Figure 2.1: Method for estimating scale of additional jobs demand



- 2.3 Population forecasts were generated as part of the 2023 Local Housing Need Assessment (LHNA), which was prepared in parallel to the 2023 ESPRE.
- 2.4 The Labour Market Balance (LMB) scenario presented in the 2023 ESPRE was based on the labour market implications associated with population growth resulting from the delivery of 15,275 homes across a 15-year Plan period.
- 2.5 The December 2024 update to the standard method for assessing local housing need generates a requirement figure of 1,593 dwellings per annum. This equates to 23,895 homes across a 15-year Plan period.
- 2.6 Therefore, over the same 15-year Plan period, North Somerset is estimated to require an additional 8,620 homes compared to the position on which the 2023 ESPRE was based.
- 2.7 The household growth forecasts generated as part of the 2023 LHNA considered a mix of newly forming households as well as overall population growth. This mix suggested an additional 1.45 persons for every additional home delivered³.

³ This persons per home assumption is 'low' compared to typical household population data e.g. Census. However, the LHNA-derived figure assumes a degree of new household formation from within the existing household population, and is therefore an indication of 'new' persons per home on average, not 'total' persons per home.

- 2.8 This assumption has been combined with the number of additional homes to generate an estimate of the additional population within North Somerset resulting from the delivery of 1,593 homes per annum.
- 2.9 The assumptions underpinning the LMB scenario presented in the 2023 ESPRE have then been applied to the additional population estimate. These include adjustments for changing economic activity rates, unemployment, double jobbing, and commuting.
- 2.10 This analysis generates an estimate of approximately 20,000 additional jobs required within North Somerset to balance with the labour market implications of delivering 1,593 homes per annum.
- 2.11 Table 2.1 sets out the additional jobs requirement estimated within this analysis compared to historic performance and the scenarios reported in the 2023 ESPRE.

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

| Scenario | 2025-2040 | 2023-2043 |
|--------------------------------------|----------------|----------------|
| Historic change (ONS) ⁴ | ~19,000–20,000 | ~21,000–22,000 |
| Historic Change (CE/OE) ⁵ | ~16,000–24,000 | ~23,000–27,000 |
| 2023 ESPRE - Oxford Economics | 5,100 | 7,100 |
| 2023 ESPRE – Cambridge Econometrics | 7,800 | 10,300 |
| 2023 ESPRE – Labour Market Balance | 9,800 | 13,200 |
| 2025 Update – Labour Market Balance | 15,000 | 20,000 |
| Change in LMB Scenarios | +5,700 | +6,700 |

Note: some figures may not sum due to rounding

- 2.12 For both time periods it is evident that whilst the higher level of housing requirement increases the number of jobs required, the total jobs growth remains within the bounds of historic jobs growth.

⁴ 15-year change measured between 2006/07–2021/22. 20-year change measured between 2001/02–2021/22.

⁵ As per footnote 4.

3 Indicative Employment Scenarios

- 3.1 This chapter considers potential scenarios for how the North Somerset economy could grow to meet the level of employment growth required to deliver labour market balance described in the previous chapter.
- 3.2 The 2023 ESPRE 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, but still comfortably within historic growth benchmarks for North Somerset.
- 3.4 In considering how the economy might change to meet the higher requirement three 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;
 2. The known investment by Epic Systems into North Somerset which has received planning approval since the 2023 study; and
 3. Sectors which are the focus of local policy support.

Population driven growth

- 3.5 A number of sectors will be directly impacted as a result of a larger population in North Somerset. 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).
- 3.6 Analysis of the relationship between the local population and these sectors within the two sets of baseline forecasts was used to model how sectoral employment might change with the larger population resulting from the higher level of housing growth; and whether the existing scenarios included sufficient growth.
- 3.7 This analysis has identified areas that would be expected to grow more strongly than in the 2023 ESPRE and have been uplifted.

Epic Systems investment

- 3.8 Epic Systems is making a significant inward investment to a new campus in North Somerset. The campus recently received planning consent. Economic impact analysis of the proposal

indicates 2,150 jobs anticipated directly by 2040 with the potential for 200-300 multiplier jobs in North Somerset as a result of supply chain activity and the earnings of staff being spent in the local economy.

- 3.9 This known investment was not anticipated at the time of the 2023 ESPRE and needs to be accounted for as part of this analysis.

Policy driven growth

- 3.10 An updated economic strategy for North Somerset is currently being finalised. Emerging work has been reviewed, which identifies important sectors and areas of future policy focus. Emerging work across the wider West of England sub-region is also identifying some similar sectoral priorities. These include:
- Green/blue sectors including retrofit;
 - Technology and advanced manufacturing;
 - Cultural and creative;
 - Food & drink manufacture and agrifood;
 - Health and social care; and
 - Foundational economy.
- 3.11 The health and social care sector is already subject to large growth. Uplifts related to the larger population also capture the foundational economy so no additional growth has been considered for these. However, further uplifts⁶ have been made to other sectors to reflect the policy support.

Illustrative sectoral growth scenarios

- 3.12 Table 3.1 below sets out the revised sectoral growth scenarios, comparing the labour market balance scenario from the 2023 ESPRE with the current analysis. The largest uplift is in the Information and communication sector, as this includes the activities of Epic Systems.
- 3.13 As within the ESPRE 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.

⁶ In the case of sectors forecast to experience employment decline the uplift takes the form of a reduced level of decline.

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

| Sector | 2023 ESPRE Labour Market Balance Scenario | | 2025 Update New Standard Method Labour Market Balance Scenario | |
|---|---|---------------|---|---------------|
| | OE | CE | OE | CE |
| Primary Industries | -100 | 100 | 0 | 150 |
| Manufacturing | -2,900 | -1,800 | -1,400 | -700 |
| Utilities | -300 | 100 | -200 | 300 |
| Construction | 2,400 | 2,300 | 2,600 | 2,500 |
| Motor Trade | 200 | 700 | 250 | 750 |
| Wholesale Trade | 200 | 300 | 250 | 400 |
| Retail Trade | 300 | 500 | 500 | 700 |
| Transportation and storage | -100 | 400 | 250 | 750 |
| Accommodation and food services | 1,000 | 1,100 | 1,250 | 1,250 |
| Information and communication | 300 | 900 | 2,500 | 3,000 |
| Financial and insurance activities | 0 | -100 | 50 | 50 |
| Real estate activities | 200 | 100 | 300 | 200 |
| Professional, scientific and technical activities | 2,500 | 1,900 | 2,750 | 2,250 |
| Administrative and support service activities | 3,800 | 3,300 | 4,000 | 3,500 |
| Public administration and defence | -700 | -300 | -500 | - |
| Education | 300 | 700 | 1,000 | 1,000 |
| Human health and social work activities | 3,800 | 1,600 | 3,900 | 2,250 |
| Arts, entertainment and recreation | 1,400 | 1,300 | 1,500 | 1,500 |
| Other service activities | 900 | 100 | 1,000 | 150 |
| TOTAL | 13,200 | 13,200 | 20,000 | 20,000 |

Figures may not sum due to rounding.

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 2023 ESPRE. 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 2023 ESPRE compared to the revised estimates.
- 4.6 Table 4.1 shows how the revised employment forecasts are spread across sectors. This shows an additional 2,700 – 3,000 jobs within the Use Classes relevant to the ESPRE (comparing CE against CE and OE with OE) resulting from population impacts associated with the new Standard Method.
- 4.7 Uses that have the most substantial employment implications are Offices (E(g)(i)), Residential institutions (C2), and Medical/health services (E(e)).
- 4.8 The most substantial contributor to overall employment change is the None and homeworking category, which accounts for around 41%–42% of additional jobs. There is no floorspace demand associated with this category.
- 4.9 Table 4.2 sets out the net additional employment demand implied by the forecast changes in employment by Use Class. When compared to the 2023 ESPRE this shows increases in the requirement for office⁷ and laboratory space, decreases in the negative requirement for light and general industrial space, and increases in the requirement for warehousing space.

⁷ 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.

Table 4.1: Estimated Change in Employment Across Use Classes (2023 to 2043)**[Update to 2023 ESPRE Table 3.2]**

| Use Class | Description | Baseline (2023 ESPRE) | | LM Balance (2023 ESPRE) | | New Standard Method LM Balance | |
|-------------------------------|---------------------------------|--------------------------|----------------|----------------------------|----------------|--------------------------------------|---------------|
| | | OE | CE | OE | CE | OE | CE |
| B2 | General industrial | (2,300) | (1,400) | (2,300) | (1,400) | (1,100) | (510) |
| B8 | Storage or distribution | 170 | 440 | 330 | 540 | 460 | 720 |
| C1 | Hotels | 100 | 140 | 160 | 170 | 200 | 190 |
| C2 | Residential institutions | 1,300 | 690 | 1,900 | 840 | 2,000 | 1,200 |
| E(a) | Display or retail sale of goods | 460 | 570 | 850 | 700 | 1,100 | 910 |
| E(b) | Sale of food and drink | 250 | 350 | 420 | 430 | 500 | 490 |
| E(c) | Financial & professional | 40 | 20 | 60 | 30 | 100 | 80 |
| E(d) | Indoor sport and recreation | 270 | 300 | 400 | 370 | 430 | 430 |
| E(e) | Medical or health services | 850 | 440 | 1,200 | 540 | 1,300 | 750 |
| E(f) | Creche, day nursery/centre | 280 | 90 | 430 | 110 | 460 | 160 |
| E(g)(i) | Offices | 1,500 | 1,900 | 2,500 | 2,400 | 5,000 | 5,000 |
| E(g)(ii) | Research and development | 100 | 130 | 150 | 160 | 170 | 180 |
| E(g)(iii) | Light industrial | 20 | 30 | 40 | 40 | 50 | 50 |
| F1 | Education and non-residential | (210) | 390 | (80) | 510 | 660 | 900 |
| F2 | Local community uses | 190 | 210 | 280 | 250 | 300 | 300 |
| SG | Excluded from classification | 480 | 1,100 | 870 | 1,400 | 1,100 | 1,700 |
| None and homeworking | | 3,600 | 4,900 | 5,900 | 6,100 | 7,200 | 7,300 |
| Total | | 7,100 | 10,000 | 13,000 | 13,000 | 20,000 | 20,000 |
| 'Employment' uses only | | (490) | 1,100 | 720 | 1,700 | 4,600 | 5,400 |

Source: HJA

Figures may not sum due to rounding

Table 4.2: Estimated Net Additional Employment Floorspace Demand by Use Class (2023 - 2043) sq m**[Update to 2023 ESPRE Table 3.3]**

| Use Class | Description | Baseline (2023 ESPRE) | | LM Balance (2023 ESPRE) | | New Standard Method LM Balance | |
|-----------|--------------------------------|-----------------------|-----------------|-------------------------|-----------------|--------------------------------|-----------------|
| | | OE | CE | OE | CE | OE | CE |
| E(g)(i) | Offices | 18,000 | 23,000 | 29,000 | 28,000 | 35,000 | 35,000 |
| E(g)(ii) | Research & development | 5,500 | 7,000 | 8,400 | 8,600 | 9,400 | 9,700 |
| | Office & Laboratory | 23,000 | 30,000 | 37,000 | 37,000 | 44,000 | 45,000 |
| E(g)(iii) | Light industrial | 850 | 1,300 | 1,700 | 1,700 | 2,200 | 2,100 |
| B2 | General industrial | (84,000) | (52,000) | (84,000) | (52,000) | (39,000) | (19,000) |
| | Industrial | (84,000) | (51,000) | (82,000) | (50,000) | (37,000) | (17,000) |
| B8 | Storage or distribution | 12,000 | 32,000 | 23,000 | 40,000 | 33,000 | 53,000 |

Source: HJA

Figures may not sum due to rounding. Excludes Epic Systems development.

- 4.12 The following pages include updates to the tables from the 2023 ESPRE for the office, industrial, and warehousing & logistics sectors. These show:
- Increases in the overall requirement for office floorspace;
 - Increases in the overall requirement for industrial sites; and
 - Small increases in the overall requirement for warehousing and logistics sites.
- 4.13 The scale of change is buffered as a result of the more significant influence of replacement provision on the drivers of total future requirements.
- 4.14 In addition, the jobs associated with Epic Systems (as set out in chapter 3) do not contribute to the floorspace demand set out above. The floorspace required to accommodate these jobs has already been provided. To avoid double counting, the jobs accounted for within Epic Systems have been removed from the analysis prior to modelling net additional floorspace demand.

Table 4.3: Net Office and R&D Floorspace Requirements Five-Year Intervals (sq m)**[Update to 2023 ESPRE Table 3.6]**

| | Baseline Forecasts | | LM Balance Scenario | | Updated LM Balance | |
|--------------------|--------------------|---------------|---------------------|---------------|--------------------|---------------|
| | OE | CE | OE | CE | OE | CE |
| 2023–2028 | 21,000 | 18,000 | 26,000 | 20,000 | 25,000 | 19,000 |
| 2028–2033 | 17,000 | 19,000 | 19,000 | 20,000 | 20,000 | 22,000 |
| 2033–2038 | 17,000 | 19,000 | 18,000 | 20,000 | 20,000 | 22,000 |
| 2038–2043 | 16,000 | 18,000 | 17,000 | 20,000 | 19,000 | 21,000 |
| 2023 - 2043 | 70,000 | 74,000 | 80,000 | 80,000 | 85,000 | 85,000 |

Figures may not sum due to rounding. Excludes Epic Systems development.

Table 4.4: Industrial Employment Land Requirements Five-Year Intervals (ha)**[Update to 2023 ESPRE Table 3.9]**

| | Baseline Forecasts | | LM Balance Scenario | | Updated LM Balance | |
|--------------------|--------------------|-----------|---------------------|-----------|--------------------|-----------|
| | OE | CE | OE | CE | OE | CE |
| 2023–2028 | 4 | 4 | 4 | 4 | 6 | 6 |
| 2028–2033 | 3 | 5 | 3 | 5 | 5 | 6 |
| 2033–2038 | 3 | 5 | 3 | 5 | 5 | 7 |
| 2038–2043 | 4 | 6 | 4 | 6 | 6 | 7 |
| 2023 - 2043 | 14 | 19 | 14 | 20 | 22 | 26 |

Figures may not sum due to rounding.

Table 4.5: Warehousing & Logistics Employment Land Requirements Five-Year Intervals (ha) [Update to 2023 ESPRE Table 3.11]

| | Baseline Forecasts | | LM Balance Scenario | | Updated LM Balance | |
|--------------------|--------------------|-----------|---------------------|-----------|--------------------|-----------|
| | OE | CE | OE | CE | OE | CE |
| 2023–2028 | 9 | 9 | 11 | 9 | 11 | 10 |
| 2028–2033 | 8 | 9 | 8 | 9 | 8 | 10 |
| 2033–2038 | 8 | 9 | 8 | 9 | 8 | 9 |
| 2038–2043 | 7 | 8 | 7 | 8 | 8 | 8 |
| 2023 - 2043 | 32 | 35 | 34 | 36 | 35 | 38 |

Plan period requirements

- 4.15 The requirements set out above provide a useful comparison between the position reported within the 2023 ESPRE and the updated requirements based on the new standard method. However, the period under consideration within the emerging North Somerset Local Plan is 2025–2040. 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: Employment Sites and Premises Requirements – New Standard Method LM Balance Scenario (2025–2040)

| | Offices (sq m) | | Industrial (ha) | | Warehousing & Logistics (ha) | |
|------------------|-------------------|---------------|--------------------|-----------|---------------------------------|-----------|
| | OE | CE | OE | CE | OE | CE |
| 2025–2030 | 24,000 | 22,000 | 5 | 6 | 9 | 10 |
| 2030–2035 | 20,000 | 22,000 | 5 | 7 | 8 | 10 |
| 2035–2040 | 20,000 | 22,000 | 5 | 7 | 8 | 9 |
| 2025–2040 | 64,000 | 66,000 | 16 | 19 | 25 | 29 |

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 North Somerset.

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 ESPRE 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 uses⁸. 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 infrastructure, and therefore dealt with through the NSIP consenting regime.

⁸ 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.

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 North Somerset Council should consider how it is already addressing these matters and where there may be gaps. The accommodation of Epic Systems is an example of how inward investment has been accommodated within North Somerset. Opportunities such as these are not always predictable, but having flexibility within the supply portfolio can provide the potential to accommodate such 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 October 2023 ESPRE 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 Somerset that is categorised as 'laboratory' space. Overall, E(g)(ii) floorspace accounts for around 0.3% of all existing office floorspace in North Somerset. This compares to an equivalent figure of around 0.9% in England. This suggests that North Somerset has a relatively small share of laboratory space as a proportion of its office floorspace.
- 5.17 At present there is no major laboratory related development within North Somerset. That is not to say there is an absence of science and innovation activity, with specialist facilities supporting the food and drink sector and a number of advanced manufacturing companies.
- 5.18 The October 2023 ESPRE estimated demand for up to 8,500 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 9,700 sq m.
- 5.19 The Epic Systems development has recently been approved. This will substantially increase the size of the health tech sector in North Somerset but is primarily office based rather than requiring wet lab development.
- 5.20 The sector related commercial market commentary in the 2023 ESPRE 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.
- 5.21 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.

Gigafactories

- 5.22 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 ESPRE.
- 5.23 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.
- 5.24 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.

- 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
- 5.25 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.
- 5.26 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.
- 5.27 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 North Somerset plan period.
- 5.28 With the current focus on establishing this current very large facility less than 10 miles from North Somerset, 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.
- 5.29 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.
- 5.30 There is insufficient justification at this stage to suggest with confidence such a large site should be considered within the current North Somerset Local Plan process.

Digital Infrastructure (including Data Centres)

- 5.31 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.
- 5.32 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.
- 5.33 Data centre developers are often interested in capacity for expansion as well as sufficient space to meet existing requirements.
- 5.34 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.
- 5.35 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.
- 5.36 The 2023 ESPRE 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.
- 5.37 Subject to power supply and data connectivity considerations, locations in North Somerset 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.

Freight and Logistics

- 5.38 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).
- 5.39 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.
- 5.40 Occupiers also seek sites with:
- Excellent links into the transport network
 - Access to sufficient local labour supply
- 5.41 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.

5.42 Notwithstanding, there are potential opportunities for alternative locations within the region to offer choice in the market. North Somerset has not experienced significant warehousing and logistics development in the 2006-23 period considered in the 2023 ESPRE study. The quantitative estimates of future requirements set out in the analysis are therefore well above historic development patterns and it is unlikely these need to be adjusted in order to meet sector demand.

Other industries of local importance

5.43 In developing the higher growth scenario there has already been account taken of the emerging economic strategy, and adjustment for a major inward investment by Epic Systems. On this basis, existing important sectors have already been considered and no further revision is proposed.

6 Conclusions

- 6.1 This addendum provides an update to the 2023 ESPRE 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 North Somerset there will be additional population which was not considered during the 2023 ESPRE. In order to maintain a balanced labour market within North Somerset there will be a need for 20,000 additional jobs to be created over the period 2023-43. This is an increase from the estimated 13,000 additional jobs required at the time of the 2023 ESPRE.
- 6.3 20,000 additional jobs over a 20-year period remains within the bounds of the levels of growth experienced in the past ~20 years in North Somerset. However, that 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 North Somerset 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 A large inward investment by Epic Systems has also emerged since the 2023 ESPRE. A new office campus for this health tech company has received planning consent in recent months and will move ahead. This will add an estimated 2,000 jobs in North Somerset by 2040.
- 6.6 An updated Economic Strategy for North Somerset is also emerging which has identified other areas of growth potential.
- 6.7 Drawing on these three drivers of growth indicative sectoral employment scenarios have been developed. These have been used to consider the potential employment sites and premises needs for North Somerset over the 2025-2040 Local Plan period as well as comparable figures to the 2023 ESPRE to cover the period 2023-43.
- 6.8 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.
- 6.9 On a comparable basis this updated assessment indicates an increase of ~5,000 sq m of additional office requirements and 8-9 hectares of additional industrial and warehouse land. The office figures exclude the Epic Systems campus which is already consented.
- 6.10 A review of the revised NPPF text relating to employment uses has already been made. There is no justification to make any uplift to quantitative requirements. However, North Somerset Council may wish to consider whether it makes available more strategic capacity for uses such as transport and logistics or datacentres. This would largely be through ensuring the supply mix includes suitable sites that meet the criteria required for these uses.



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