

## **Appendix 2 - Rationale for Reviewing and Amending the Total Jobs Target & the Jobs & Business Plan**

### **Introduction**

1. In 2014 the Council adopted our Jobs and Business Plan and Housing Strategy, both of which set ambitious targets for growth to achieve the Council's overall vision and the related priorities. Both documents therefore set the context for the Local Plan but as the plan had not been consulted on when the Jobs and Business Plan and Housing Strategy were adopted, the target within them were not fully informed by a detailed understanding of the various constraints, including environmental issues, policy constraints such as Green Belt and in particular, the associated deliverability considerations.
2. Paragraph 158 of the National Planning Policy Framework (NPPF) states that *"Each local planning authority should ensure that the Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. Local planning authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals"*.
3. Paragraphs 160 of the NPPF goes on to state that we should also: *"prepare and maintain a robust evidence base to understand both existing business needs and likely changes in the market"*. Following this, paragraph 161 states that *"Local Planning Authorities should use this evidence base to assess:*
  - *the needs for land or floorspace for economic development, including both quantitative and qualitative needs for all foreseeable types of economic activity over the plan period, including for retail and leisure development.*
  - *The existing and future supply of land available for economic development and its sufficiency and suitability to meet the identified needs."*

### **Jobs & Business Plan 2014**

4. There is no doubt that the general thrust of the Jobs and Business Plan remains as relevant today as when it was adopted in 2014. There is still a demonstrable need for more job opportunities, more new businesses and better skills and training for Barnsley people. Barnsley's economy remains too small for the size of the borough and the town is unable to maintain enough jobs and businesses to support its working population.
5. Last year a report noting the performance of the Jobs and Business Plan 2014-2017 was approved which also set out a refreshed set of

priorities for 2017-2020. A further review will involve an update of the baseline data to establish the current economic picture, the successes achieved to date and will have regard to relevant market and economic signals. It will also set out areas where significant challenges remain, particularly in respect of the identified five primary sectors where Barnsley was deemed to have a competitive advantage. These were advanced manufacturing, construction, visitor economy, logistics and business services and two enabling sectors which could enable the growth of these sectors, which were creative and digital industries and the low carbon sector.

6. The relevance of these sectors to the Local Plan is highly significant because these formed the basis of the Employment Land Review that was originally carried out in 2014 to establish the overall employment land requirement. Had different sectors been pursued the qualitative and quantitative land requirement may have been different because job densities vary considerably depending on the type of use class that is being pursued/promoted.

#### **Mott MacDonald Report 2016**

7. In 2016 Mott MacDonald, with Colliers International as sub-contractor, were commissioned to prepare a consolidated evidenced base, including market intelligence, to assess the quantum of employment land required to meet the Borough's economic aspirations. The report also assessed whether there will be market demand for the quantum, type and location of employment sites proposed to be allocated through the Local Plan based on their experience of the commercial land and property market in the Yorkshire Region. The purposes of this was to demonstrate compliance with paragraphs 158, 160 and 161 of the National Planning Policy Framework.
8. The report states that "Deals, moves and new build development activity indicate that there is occupier interest in Barnsley. The Borough has a shortage of industrial and logistics supply which means that allocating land for this type of space to be developed has the potential to attract investors, occupiers and developers and provide new employment in the borough". The report went on to conclude that:

**"The 17,500 net employment target set by BMBC is reasonable and achievable. However, at least 309 hectares of employment land will have to be allocated and developed within the plan period to make this possible, and even then, the Borough will be reliant on employment generation from other land use classes to meet this target."**

9. Section 3 of the report includes a review of Barnsley's employment sites and includes analysis of occupier demand, property enquiries

and local deals with a particular emphasis on the logistics, office and industrial sectors. It concludes that demand is high for industrial and logistics floorspace but that in contrast, “the office vacancy rate has marginally increased suggesting that demand in this sector is not as great”.

### **Review of the Jobs and Business Plan & Local Plan Jobs Targets**

10. It is important to note that the Jobs and Business Plan and Housing Strategy were based on an assumption that the plan would be adopted in late 2016 and that the employment land would be developed in full during the plan period in order to achieve 17,500 net additional jobs resulting in total jobs increasing by 33,000 by the end of the plan period. The fact adoption is likely to be almost 2 years later than originally envisaged impacts on the amount of jobs that can be expected during the plan period. The larger employment allocations that are currently within the Green Belt (e.g. those at Hoyland and Goldthorpe) have significant lead in times from when the plan is adopted to the delivery of jobs on site. This was something that was recognised in the 2016 Employment Land Report by Mott McDonald which indicated that only 127 hectares of employment land could be expected to come forward in the first 10 years of the plan period. Whilst this represents a significant increase compared with recent delivery rates, it reflects the fact that it takes time to install the required infrastructure, create the development platforms and provide any necessary mitigation.
11. In 2000 there were 82,000 total jobs within Barnsley and this figure remained roughly the same over the next decade. It dropped to 78,000 in 2012 but by 2015 the figure had increase to 88,000. Despite the considerable success since 2012, the target of increasing the total number of the jobs in the borough by 33,000 is hugely ambitious because it represents almost a 40% increase from 87,000 in 2014 to 120,000 by 2033. Indeed this figure has been criticised as unrealistic by a number of those making representations on the Local Plan, who are also concerned that it then translates into a completely unrealistic housing requirement because of the need to house workers that will fill those jobs.
12. In her Interim Findings report the Inspector does recognise the need for significant jobs growth and the contribution this will make to city region priorities. In part we consider that this is because even if 33,000 jobs are delivered this would still leave Barnsley short of the national and regional job density average based on current economic modelling. As such, it is likely that there will still be a need to deliver more “additional” jobs beyond the plan period.
13. The 33,000 figure was calculated by starting with the number of jobs that a previous version of the Regional Econometric Model expects to be generated by 2033 (12,500). We then added the

17,500 additional jobs that the Local Plan seeks to provide for. Following this, the Regional Econometric Model was re-ran and this produced an additional 3,000 jobs which would come about as a result of providing the 17,500 jobs (positive multiplier). This was considered to be a legitimate approach at the outset of the plan making process but now we are almost 4 years into the plan period it is sensible to reflect on what has happened in respect of job creation since 2014, to look at more recent economic modelling and to use the market and economic signals, as set out in the Mott MacDonald Report to revisit our assumptions on lead in times for delivery of jobs and the type of jobs and sectors that are likely to come forward on the proposed employment sites.

14. In respect of the type of jobs and sectors, the calculation that resulted in the figure of 33,000 jobs included 3,196 jobs in Business Services and over 1,050 jobs in the Creative and Digital Industries, which were assumed to fall within the B1a (Office) Use Class. Pleasingly, the report concluded that around 223 hectares of our employment land could be expected to come forward in the plan period, which roughly corresponds with the amount of land we said was needed before adding in a margin of choice (our Employment Land Review concluded that 224 hectares was needed of which 95 hectares would be to replace older, unsuitable employment sites that are likely to be lost to other uses (mainly residential) during the plan period. This left a figure of 129 hectares of land, which included a figure of 14.8 hectares that we would have required anyway as part of a “Policy Off” scenario with the remainder (114.2 hectares) being the land on which the net additional jobs would be accommodated.
15. As stated previously, when assessing the types of uses that could be accommodated on our employment sites, Mott MacDonald concluded that there was unlikely to be strong demand for B1a office uses. This is largely because these tend to focus around the regional cities, in the case of Yorkshire, mainly Leeds. Moreover, planning policies seek to guide these uses towards town centres rather than business parks akin to those included within our portfolio of sites. This analysis has been very much reflected on the ground in Barnsley where no new B1a office floorspace has been delivered in recent years and in fact, we are seeing a decline in office floorspace within the town centre in particular, which has experienced some office to residential conversions under the prior notification procedure. Accordingly, Mott MacDonald concluded that the sites would primarily lend themselves to B1a (Light Industrial), B2 General Industrial and particularly B8 (mainly in the logistics sector) uses.
16. On the basis of this analysis and as part of the preparatory work for the update of the Jobs and Business Plan, discussions have taken place amongst officers as to whether or not it will be possible or

desirable for the Council and its partners to prioritise interventions that specifically target the sectors that would produce jobs in the B1a use class. These discussions have led us to conclude that the Council's resources and those of its partners need to focus on the infrastructure requirements to deliver the employment land rather than seeking to intervene to promote specific sectors not least because of uncertainties as to whether such interventions could be state aid compliant.

17. In recognition of the findings of the Mott MacDonald report and the experience on the ground, a decision has been made to recommend moving away from some of the sectors in the Jobs and Business Plan.
18. In recognition of this, rather than adding 17,500 jobs into the Regional Economic Model based on the sectoral split in the Jobs and Business Plan, using the relevant market and economic signals set out in the Mott MacDonald report, we have reconsidered what the sites allocated in the Local Plan can realistically be expected to yield and in what sectors.
19. The current Employment Land Review, which focused on the five primary sectors and two enabling sectors in the Jobs and Business Plan produced the following breakdown:

**Table 1**

Use Class	Land Requirement	Percentage
B1a	40.8 ha	14%
B1b/c, B2 Industry	125.8 ha	43%
B8	124.3 ha	43%

20. These figures were derived from an assumption that the employment land would be developed in full and included the additionality that was produced by the Regional Economic Model.
21. In contrast, Mott McDonald's breakdown of the sites they assessed (which amounted to 296.7 hectares) produced the following breakdown:

**Table 2**

Use Class	Land Requirement	Percentage
B1	32.8 ha	11.1%
B2	76.7 ha	25.9%
B8	179.4 ha	60.5%
Non B	7.8 ha	2.6%

22. The Mott MacDonald Report does not provide a clear breakdown of the B1 use class but based on the commentary in their report it is difficult to make the case to attribute more than a third of the B1 assumption to office use (B1a). Our analysis therefore concludes that a more realistic split would be as follows:

**Table 3**

Use Class	Land Requirement	Percentage
B1a and Non B Uses	20.9 ha	7.2%
B1b/c, B2 Industry	116 ha	39.9%
B8	154 ha	52.9%

23. This split assumes a greater quantity of B2 than B8 compared with what Mott MacDonald conclude. The rationale for this is to reflect the need for more higher productivity jobs in the advanced manufacturing sector. An allowance for more B2 jobs also provides a robust position when we come to establish our objectively assessed housing need because it produces more jobs than had we applied the Mott MacDonald split.

24. Having established our split it is then necessary to calculate the number of “additional jobs” by deducting the following from the 290.9 hectare total:

- 95 hectares replacement allowance
- 67 hectares margin for choice
- 14.8 hectares generated from the REM baseline scenario

This leaves 114.2 hectares of land for net additional jobs. Using the methodology contained within the Employment Land Review, this produces the following land requirement, floorspace and jobs.

**Table 3**

Use Class	Percentage	Land Requirement	Floorspace m2	Job Density	Total Jobs
B1 and Non B uses	7.2%	8.2 ha	32,800	19 per sqm	1,726
B1b/c, B2 Industry	39.9%	45.6 ha	182,400	34 per sqm	5,364
B8	52.9%	60.4 ha	241,600	65 per sqm (mid-point of 50-80)	3,716
<b>Total Additional Jobs on Employment Land</b>					<b>10,806</b>

25. Based on this methodology, the 224 hectares of employment land that can be expected to come forward in the plan period will produce 10,806 direct net additional jobs predominantly in the B use classes. On top of this Mott MacDonald have estimated that a

further 3,557 additional jobs will be produced from the town centre developments and the additional residential development expected over and above that which would have occurred anyway. To this we have added jobs in the visitor economy sector and additional construction jobs consistent with what we originally envisaged in the jobs and business plan (650 in each sector). The total additional jobs added to the Regional Economic Model Baseline is therefore 15,312. We consider this to be more robust and realistic than the previous approach of simply adding 17,500 to the baseline which produced a total of 33,000 as a result of additionality (positive multiplier effect) as some of the additionality may already have been accounted for in the 17,500 or would now come forward beyond the plan period given the Mott MacDonald conclusions on when sites are likely to be delivered.

26. This work is leading us to conclude that based on the existing employment land portfolio but with revised assumptions on job densities and lead in times for delivery, it is no longer realistic to expect 33,000 more jobs to come about during the plan period. Instead the Regional Econometric Model produces a figure of 28,840 although an alternative run of the model that includes assumptions on displacement, leakage and a number of other factors reduced the figure to 24,840. We are planning for the higher figure but it is interesting to note that the mid-point between these two figures is 26,840 jobs, which is broadly equivalent to the figure of 26,700 cited on page 53 of Jobs and Business Plan as a measure of success. As such, the upper figure derived from the Regional Econometric Model or even a mid-point between the two scenarios would not conflict with the Jobs and Business Plan but it is considered sensible to update the Jobs and Business Plan to reflect the Local Plan (as modified). This is because the Local Plan is subject to far greater scrutiny and is the document that will ultimately deliver the land allocations and so the target for job creation in the review of the Jobs and Business Plan should derive from Local Plan evidence which has full regard to the various constraints and a detailed appraisal of deliverability considerations.

27. Paragraph 5.3 – 5.7 of the main Cabinet Report explain the implications of this revised jobs figure on City Region aspirations for job creation and also explain that the revised figure is subject to further sustainability appraisal work.

## **Conclusion**

28. Based on the above, when having full regard to market and economic signals, it is considered necessary to reduce the overall jobs target in the Local Plan to approximately 28,840. This includes around 16,920 net additional jobs associated with the interventions in the Local Plan as well as other interventions by the Council and its partners. This approach is considered to fully accord with

paragraphs 158, 160 and 161 of the National Planning Policy Framework and reflects the more recent evidence available to the council since the Jobs and Business Plan was published in 2014.