4. How much Growth are we Planning for?

4.1 What is Sheffield's role in the City Region?

Sheffield is the Regional City within Sheffield City Region which covers the four South Yorkshire Districts of Barnsley, Doncaster, Rotherham and Sheffield, and parts of Derbyshire and Nottinghamshire, comprising North East Derbyshire, Derbyshire Dales, Chesterfield, Bolsover and Bassetlaw districts, see Map 2 (p.37). Policies in the Sheffield Plan should help deliver prosperity and services to the people of Sheffield and the area it serves[40].

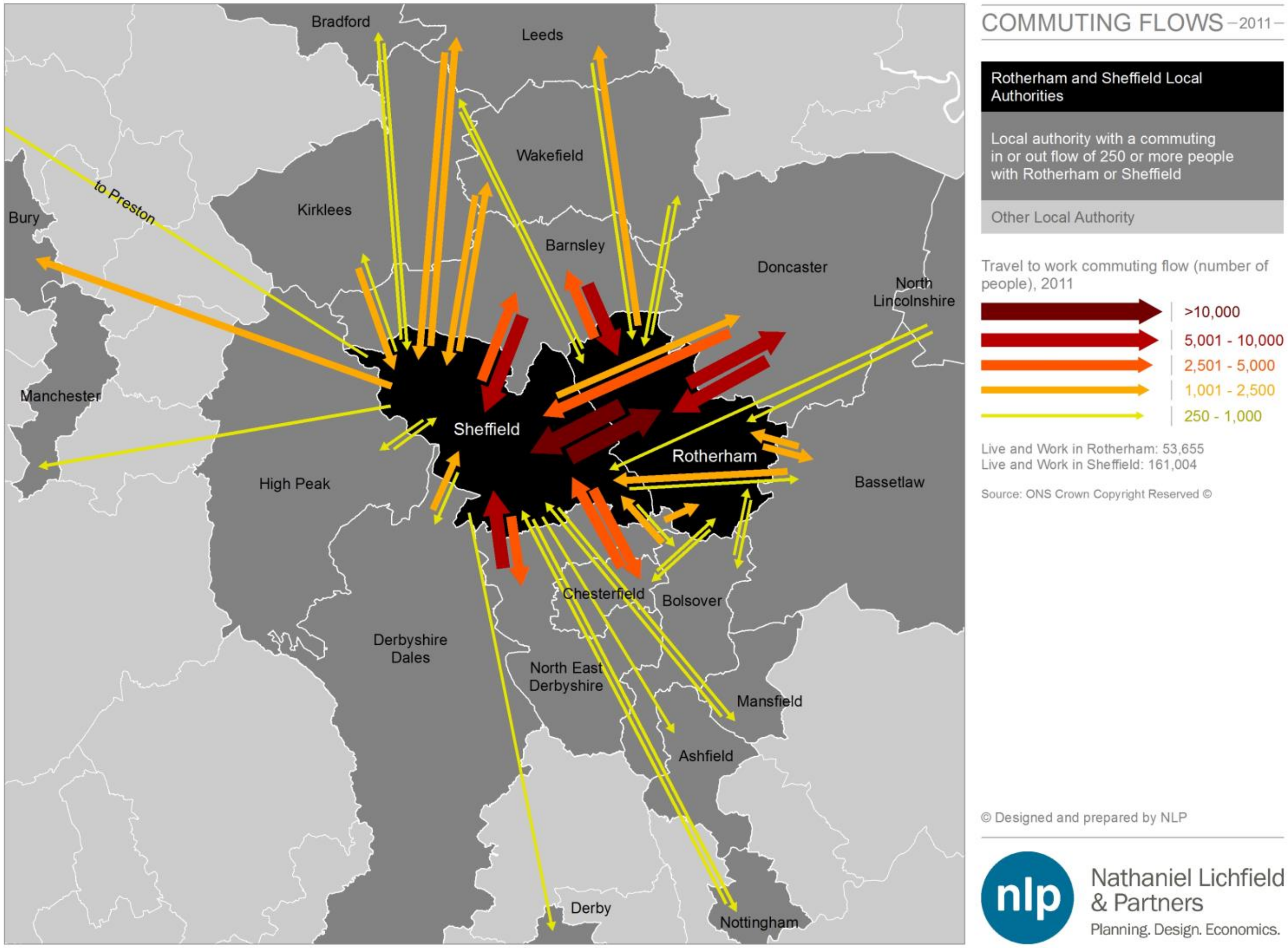
The Strategic Economic Plan (SEP)[41] of the Sheffield City Region Local Enterprise Partnership (SCRLEP) provides the strategic economic growth context for the Sheffield Plan. A key aspiration of the Economic Plan is to deliver 70,000 additional jobs across the City Region over the period 2014-2024, representing a 10% level of growth with at least 30,000 of those jobs to be in highly skilled sectors.

Analysis commissioned by the local authorities in Sheffield City Region suggests that between 70,000 and 100,000 homes are needed across the City Region to support the jobs growth target in the SEP. Sheffield's housing market area extends beyond the district boundary, with a particularly strong relationship with Rotherham. This is discussed further on page 36. Evidence suggests that Sheffield and Rotherham are one single Functional Economic Market Area and the Sheffield Travel to Work Area consists solely of the Sheffield and Rotherham local planning authority areas[42].

Over a third of the jobs in the City Region are in Sheffield and, as already noted in Chapter 2, large numbers of people commute into Sheffield every day from other districts. Map 1 overleaf shows the flows of commuters between the districts. Over the next 20 years, we expect that Sheffield will continue to have the largest number of jobs in the City Region but other places like Doncaster, Barnsley and Bolsover have also been set ambitious growth targets in the SEP.

[40] We will deliver growth through the Plan alongside a series of funding initiatives and interventions such as business rate growth plans.
[41] The Sheffield City Region Strategic Economic Plan was submitted to the Government in 2014

[42] See the Sheffield and Rotherham Joint Employment Land Review 2015, (p 34) - The Government defines Travel to Work Areas as those where at least 75% of an area's resident workforce work in the area and at least 75% of the people who work in the area also live in the area.



Map 1: Travel-to-Work Flows for Sheffield and Rotherham, 2011

The NPPF requires Local Planning Authorities to assess the need for land for economic development, and to allocate land in their plans to meet these needs. It also requires us to work with neighbouring authorities on planning policies to meet needs that may be addressed across local authority borders. The SCR SEP addresses the needs of the wider region, but within that there is a specific need for Sheffield and Rotherham to work particularly closely with each other as a distinct functional economic area. This has led to Sheffield City Council and Rotherham Metropolitan Borough Council producing a Joint Employment Land Review (ELR)[43], to analyse demand and supply of employment land in Sheffield and Rotherham. The Sheffield and Rotherham Joint Employment Land Review[44] concluded that the growth prospects for Sheffield are 'relatively strong'.

The Employment Land Review also noted that:

> '*Although Sheffield is recognised as an industrial city – rather than a commercial one – it is nevertheless acknowledged as the principal office location within South Yorkshire*'.

It goes on to state that the key locations for offices in terms of the demand for Grade A space and rental levels, are all within Sheffield City Centre. Therefore, the City Centre is clearly the prime location for demand for new office space within the SCR.

[43] Sheffield and Rotherham Joint Employment Land Review, 2015
[44] Sheffield and Rotherham Joint Employment Land Review, 2015

4.2 How much land do we need for New Employment?

Analysis commissioned by the SCRLEP[45] suggests Sheffield would provide around 25,550 (35%) of the 70,000 new jobs created. Sheffield and Rotherham would together account for almost half of the City Region's jobs growth (see Table 2, opposite).

The Sheffield Plan aims to contribute to creating the right conditions for businesses to grow and therefore to benefit the citizens of Sheffield through improved prosperity. An important part of the vision of the Sheffield Plan is that the City will be economically prosperous and attractive to business and new investment, and will provide employment opportunities for all.

The Strategic Economic Plan (SEP) has identified an ambition to create a significant number of new jobs in growth sectors. This generates pressure for the provision of land for new development to meet these needs.

Investment in new and changing businesses can only take place if there is land available for new development. A key element of the Plan is to ensure there is sufficient land of good quality identified to meet the needs of the area. In doing so, the Council must comply with national policies and guidance and consider the impact on the rest of the Sheffield City

[45] Sheffield and Rotherham Joint Employment Land Review, 2015

Region (SCR). Policies should consider how the city serves the City Region in terms of its economy and also the economic impact that the rest of the SCR has on Sheffield.

The Sheffield Plan can direct new development to the best locations and ensure that there is enough land in these locations to allow for the needs of businesses to be met. The priority is to ensure that potential economic investment and development is encouraged in the most suitable parts of the City and that the maximum possible overall benefits can be achieved from new investment.

As well as providing land for economic development, there is a need to ensure the city's infrastructure is sufficient to support future economic needs. Businesses can only thrive if the right infrastructure is in place. Where deficiencies are likely to occur, provision will need to be made and the funding for infrastructure improvements will need to be identified.

Businesses also need to operate, develop and grow in appropriate areas without being constrained by the presence of sensitive uses that could hold back future economic activity.

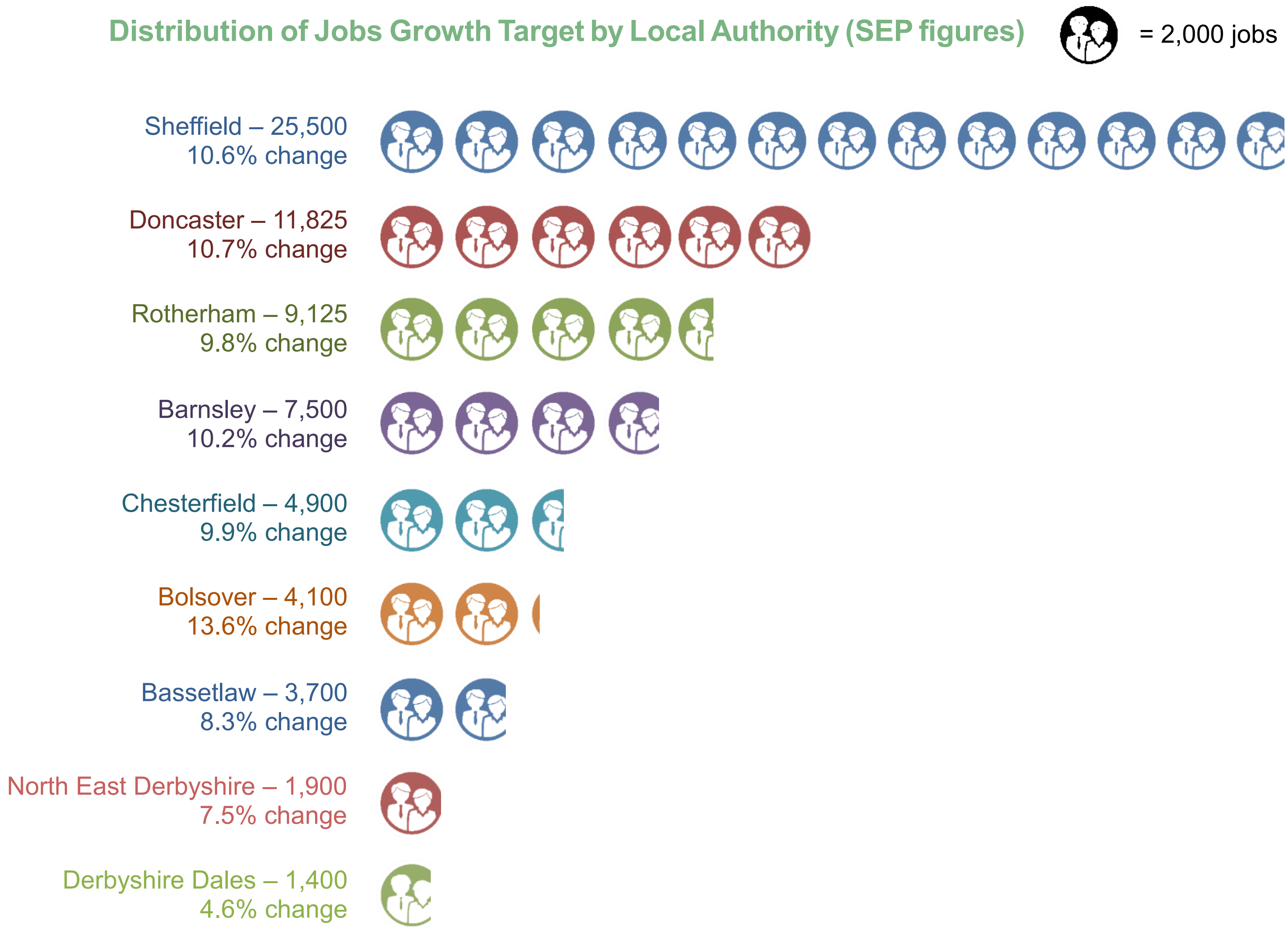
The Sheffield and Rotherham Joint Employment Land Review (ELR) identified the following key growth sectors for Sheffield:

Sector	Current Representation in Sheffield	Future Growth Potential in Sheffield
Financial / Professional Services	Moderate	Moderate/Strong
Wholesale, transport and logistics	Moderate	Low/Moderate
General Manufacturing	Moderate	Low/Moderate
Advanced Manufacturing	Strong	Strong
ICT	Low/Moderate	Moderate/Strong
Creative Industries/ Publishing /Media	Moderate/Strong	Moderate/Strong
Utilities/Environ-mental Technology	Moderate	Moderate/Strong
Healthcare/Bio-technnology	Moderate	Moderate/Strong
Construction	Low	Moderate

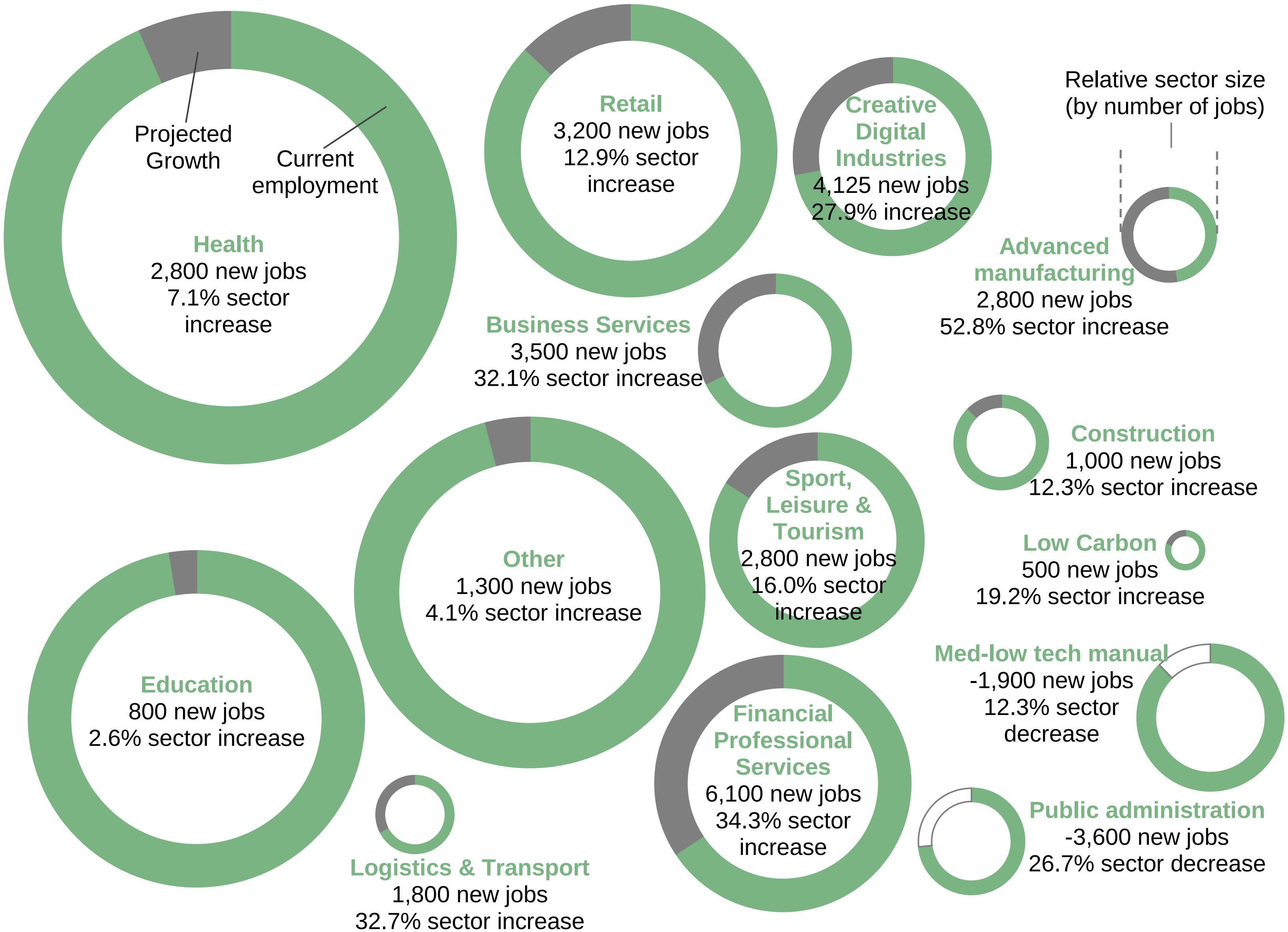
Table 2: Employment Growth Potential of Different Sectors in Sheffield[46]

[46] Sheffield and Rotherham Joint Employment Land Review, 2015

Distribution of Jobs Growth Target by Local Authority (SEP figures)



Employment Growth Targets by Sector (SEP figures)



In summary, the main findings of the ELR were as follows:

- The key challenge for Sheffield is to ensure there is sufficient land to meet the need for new office development. As the main provider of office jobs for the City Region this is essential to help meet employment targets.

- Specifically, the City Centre will continue to be the main location for offices and there is a need to provide new modern Grade A office space. This can only be done by safeguarding sites in the prime office locations. This suggests that the Core Strategy approach of identifying Priority Office Areas is still appropriate and should be continued, although the exact locations may need to be reassessed.

- There is also a need for office park locations and the Advanced Manufacturing Park / Sheffield Business Park on the Sheffield and Rotherham boundary is singled out as the most attractive location.

- The Core Strategy policy approach to achieving the development of sufficient new offices in the City Centre is to require 65% of new office development in Sheffield to be in the City Centre or at its edge. The ELR supports this approach and considers it is achievable.

- In terms of manufacturing, distribution and warehousing uses, the ELR concludes there is a shortage of land to meet Sheffield's needs and it recommends we look for more, especially in the high demand areas of the Upper Don Valley and Lower Don Valley.

- However, it notes that there is a potential surplus of employment land in Rotherham and suggests an option is to meet some of Sheffield's demand there. If Sheffield and Rotherham were to pursue this option, this could then allow some potential to reallocate some employment land and propose residential use (note that this option is outside of the remit of the ELR itself).

- The ELR has also summarised employment land supply and demand in the rest of SCR. It notes that Barnsley, Chesterfield and, in particular, Doncaster have potential surplus land and it recommends that both Sheffield and Rotherham pursue the option of diverting some of their demand to these areas.

The NPPF requires us to use a variety of forecasting techniques for employment needs. These are summarised in Table 3 (p.34). By combining the various methodologies set out in the table below, the ELR identifies a need for between 135 and 195 hectares of employment land to be allocated to meet the demand from B-class uses over a 15-year period.

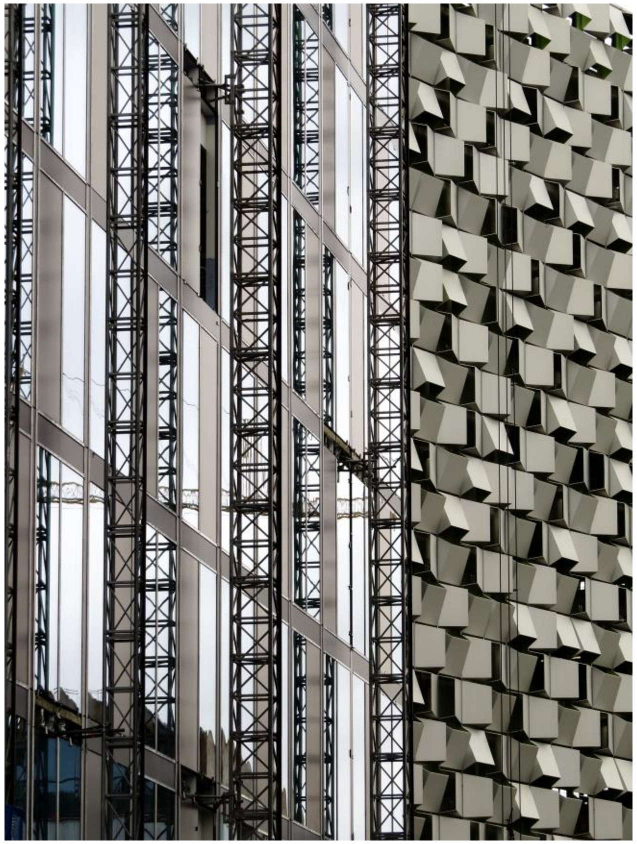
This should be made up of:

- 20 to 30 ha of land for B1a/b (office) uses;
- 80ha to 125ha of land for B1c/B2 (manufacturing) uses; and
- 35ha to 40ha of land for B8 (warehousing and distribution) uses.

Table 3 (p.34) shows that an allocation of 161.6 hectares is more than sufficient to meet the land requirements to deliver the higher employment growth aspirations of the SEP. This could be rounded down to 160 hectares and still be sufficient. Using the breakdown above, this could be simplified to:

- 30ha of land for B1a/b (office) uses; and
- 130 ha of land for B1c/B2 (manufacturing) and B8 (warehousing and distribution) uses.

This equates to 10 hectares per year for all B-classes. The figure of 160 hectares will be sufficient to meet the higher employment growth aspirations of the Sheffield City Region Strategic Economic Plan (SEP)[47] that has identified a need within the City Region for land to help encourage more start-up businesses, and to increase GVA by 10% and deliver 6,000 new businesses, related to the 70,000 net additional jobs. It has identified 'significant capacity for additional development of employment land (new and existing)', which will require local plans to allocate and protect employment land. The SEP notes that 'attracting these businesses will require an appropriate supply of land and premises'. It further sets out a Key Theme to unlock key employment sites across SCR, improving the commercial property offer, but notes that the region 'has a poor supply of accessible employment ready land'.



[47] The Sheffield City Region Strategic Economic Plan was submitted to the Government in 2014

NPPF suggested method of forecasting	Equivalent ELR method	Jobs (total change over a 15-year period)	Annual Jobs Change	Equivalent Annual SEP jobs change	Forecast land requirement (hectares) over a 15-year period
Sectoral and employment forecasts and projections (**labour demand**)	Baseline employment forecasts (**labour demand**) produced by Experian Business Strategies;	8,530	533	23	126.5
Sectoral and employment forecasts and projections (**labour demand**)	Policy-on employment forecasts (**labour demand**) sourced from the Sheffield City Region FLUTE model developed by Ekosgen;	19,905	1,244	1,048	161.6
Demographically derived assessments of future employment needs (**labour supply** techniques)	Estimated future growth in the local **labour supply** – and the jobs and employment space that this could be expected to support– having regard to population projections taken from the City's Strategic Housing Market Assessment.	13,850	865	N/A	139.1
Analysis based on the **past take-up** of employment land and property and/or future property market requirements	Consideration of **past take-up** of employment land and property based on monitoring data collected by Sheffield City Council	N/A	318	N/A	180.3
Consultation with relevant organisations, studies of business trends, and monitoring of business, economic and employment statistics.	The ELR included discussions with commercial property agents active in the study area, telephone interviews with key business and economic forums, a survey of business needs and views of the study area as a business location and a stakeholder workshop.	This consultation did not result in specific forecasts, but was used to inform the recommendations on the amount and type of the employment land requirement.			

Table 3: Land and Job Forecasts for B-Class Uses over a 15-year period

One option for the Plan would be to allocate or identify 10 hectares of land per year for B1, B2 and B8 uses in order to meet the higher growth options of the SEP. An alternative option would be to meet the lower requirement forecast set out in the Employment Land Review analysis. This would equate to 8 hectares per year.

Given the different locational needs of office and industrial users, there is an option to separate out the requirement and subsequent site allocations into separate office and manufacturing, distribution and warehousing totals. But a single figure would give more flexibility for meeting the overall employment requirements on the sites that are identified.

There are also options put forward in the Employment Land Review to meet some of Sheffield's manufacturing, distribution and warehousing needs outside of the city.

The Employment Land Review also looked at the supply of sites that could meet the requirements. This identified:

- 5.3 hectares of land on sites within the City Centre that could meet requirements for B1a/b offices;
- 37.32 hectares of land in the Sheffield Business Park / Advanced Manufacturing Park area that could meet the requirements for all B-class uses related to advanced manufacturing; and
- An additional 86 hectares of land in other locations that would be suitable for B1c/B2/B8 uses.

Therefore, a total of 128 hectares of land is identified for all B-class uses. Relating this to the 160 hectare requirement figures set out above:

- We have around a 5-year supply of sites identified for B1a/b development in the City Centre.
- There is a significant amount of land identified in the Sheffield Business Park / Advanced Manufacturing Park area to help deliver the aims for advanced manufacturing in that location.
- There is sufficient land identified to accommodate at least 10 years' requirement for B1c/B2/B8 uses within Sheffield.
- The total supply is less than the 160 hectares required for the whole plan period, but sufficient for at least 12 years' supply in quantitative terms.

Consultation questions

Q6: Should the employment land requirement in the Sheffield Plan be based on the Strategic Economic Plan jobs target of 10 hectares/year or a lower scenario of 8 hectares/year?

Please provide reasons for your answer

Q7: (a) Should some of Sheffield's land requirement for manufacturing, distribution and warehousing (B1c, B2 and B8) be accommodated elsewhere in Sheffield City Region?

(b) If so, where could Sheffield's needs be accommodated?

Q8: (a) Should employment land requirements be expressed as a single figure?

(b) If not, should they be separated out by employment type, either:

- 2 hectares for B1a/b and 8 hectares for B1c, B2 and B8; or
- 2 hectares for B1a/b and 6 hectares for B1c, B2 and B8

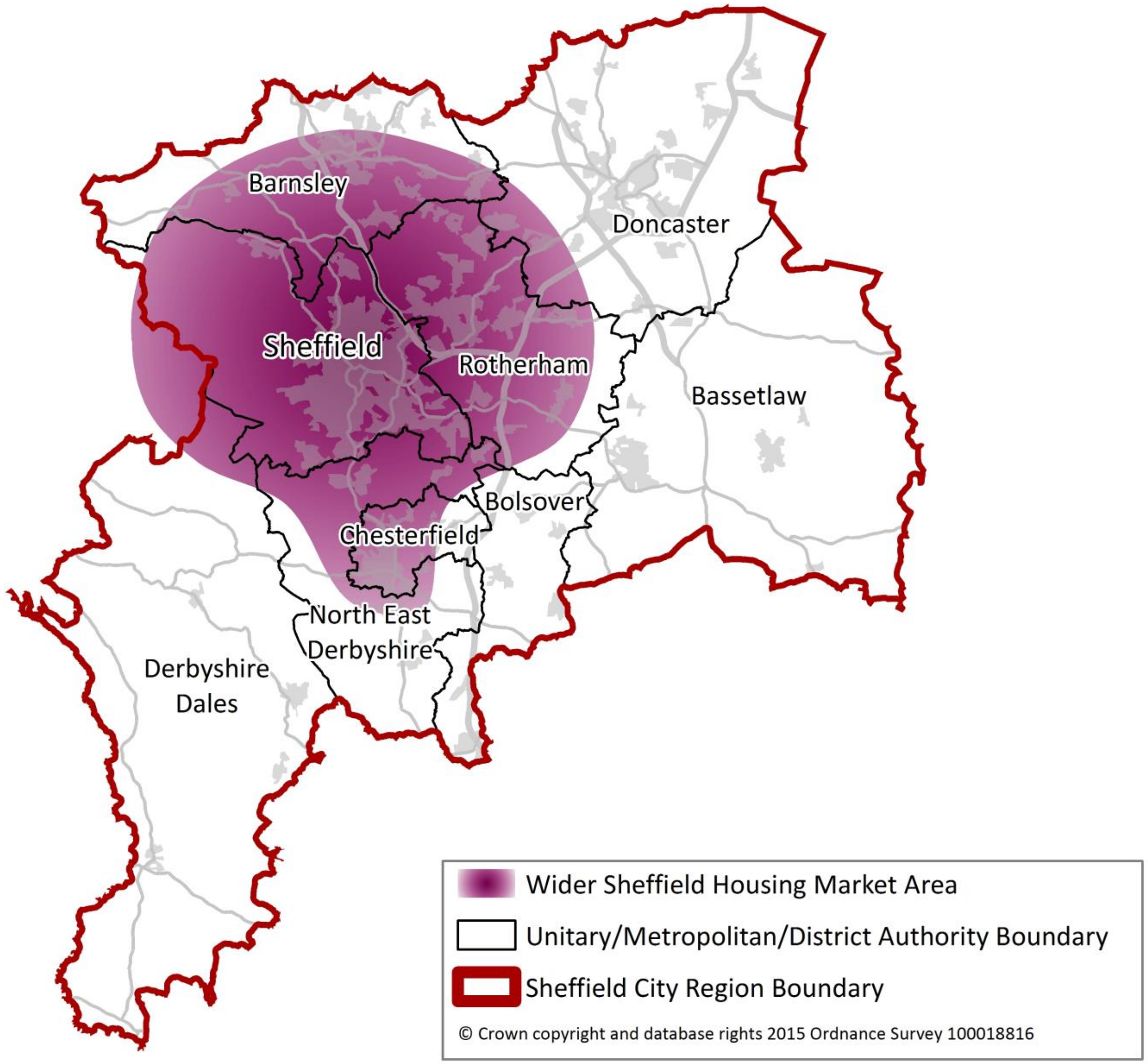
Please provide reasons for your answers

4.3 How much Land do we need for New Housing?

The National Planning Policy Framework (NPPF) and National Planning Practice Guidance (NPPG) provide guidance on the appropriate approach to assessing housing need. These state that official statistics on population and household growth should provide the starting point for assessing need but that local circumstances and forecasts of economic growth should also be taken into account.

Under the NPPF, local authorities are expected to assess housing need across strategic housing market areas. The Sheffield Strategic Housing Market Assessment (SHMA, 2013) concluded that Sheffield's housing market area extends beyond the local authority area, though only for certain housing types and for certain household types (mainly households on higher incomes who can afford to commute longer distances to work). Sheffield's strongest relationship is with Rotherham but the market area also extends into parts of Barnsley, North East Derbyshire and Chesterfield (see Map 2, opposite). Migration and commuter movements between Sheffield and Bassetlaw, Bolsover, Derbyshire Dales and Doncaster are lower, suggesting that the relationship with those areas is weaker. Those relationships could, of course, change in the future, depending on transport infrastructure improvements, relative changes in house prices and the location of new jobs and housing.

Forecasts of future employment growth and housing need tend to be produced for local authority areas and, for that practical reason, we propose to use the combined statistics for Sheffield and Rotherham districts to represent the overall housing need within the Strategic Housing Market Area.



Map 2: The Sheffield City Region and wider Sheffield Housing Market Area

The number of new homes that will be needed in the Sheffield/Rotherham Strategic Housing Market Area depends on a number of different demographic factors, principally the birth rate, the death rate, levels of migration, and changes in average household size. A growing economy is likely to mean that more people move to the city to take up new jobs but it may also mean that unemployment rates fall and fewer people have to commute to other areas for work. Average household size is affected by a number of factors, including the availability and cost of housing, the age of the population and social factors such as changing family structures.

A recent study[48], commissioned by the SCR local authorities, looked at the level of population and household growth that would be needed to support the jobs growth target in the Strategic Economic Plan (SEP). The report also considered what the implications would be if the SEP jobs target was extended for a further 10 years (i.e. to 2034). This was necessary because Local Plans have to look at least 15 years ahead, which is beyond the period covered by the Economic Plan.

As well as examining the implications of the SEP jobs target for housing growth, the report commissioned by the local authorities included an alternative 'steady improvement' economic growth scenario. This reflected possible concerns about the achievability of the aspirational SEP jobs target, particularly during a period of austerity and restraint on public spending. Whilst this alternative scenario is still ambitious, it is based on delivering an average of 1,850 additional jobs per year in Sheffield over the period 2014-2034, rather than the 2,550 per year figure in the SEP. In the report, these economic growth scenarios are compared with the Government's own population projections[49] which would translate into jobs growth of 1,545 per year in Sheffield. These different economic scenarios have a significant impact on the number of new homes that would need to be provided in Sheffield.

A separate background paper[50], published alongside this Citywide Options document, provides more detailed explanation of the different household growth scenarios that have been considered and the assumptions made.

There are wide variations in the estimates for the rate of household growth and, therefore, the numbers of homes that might be required in the Sheffield/Rotherham Strategic Housing Market Area. The relationship between jobs and homes is not straightforward because the figures are very sensitive to assumptions about the economic activity rate. If more of the new jobs are taken up by unemployed people who already live in the city or by people who currently commute out of the city for work, then fewer new homes are needed (because fewer of the new jobs are taken up by people moving to the city).

[48] Sheffield City Region Demographic Forecasts 2014-2034, Edge Analytics, July 2015

[49] Government 2012-based Sub-National Population Projections

[50] Planning for Housing: Background Paper, Sheffield City Council, 2015

How many new homes might be built in Sheffield in the period 2014-2034 based on different approaches?

33,300-53,200: the number of homes that might be needed to support the Strategic Economic Plan jobs growth target for Sheffield

45,400: Based upon the need of 2,270 homes per year as estimated by the Sheffield Housing Market Assessment (2013)

37,900: the Government's latest estimate of the number of homes needed

28,500: the number of homes that could be provided if the current Local Plan annual housing requirement is retained

24,440: the number of additional homes that would be built if the average build rate for the period 2004/05 to 2014/15 continues to 2034

The Government's own estimates of household growth (which simply assume that recent past trends continue) are relatively low. This is because the Government projections reflect a period of relatively weak economic growth and do not take into account future economic plans and policies. However, the latest projections are still higher than the housing requirement in the current adopted Local Plan.

Housing Market Assessments commissioned by Sheffield and Rotherham Councils and undertaken by the University of Sheffield concluded that 3,170 homes per year are needed across the Sheffield/Rotherham Strategic Housing Market Area if housing is not to be a constraint on economic growth. This would equate to 63,400 homes over the 20 year period 2014-2034. Of this, 45,400 homes (2,270/year) would be required to meet need arising in Sheffield and 18,000 (900/year) to meet Rotherham's needs.

Earlier this year, Sheffield City Council commissioned urban design and sustainability consultants URBED to give an independent view on how housing growth could be accommodated in Sheffield and the wider market area. The report produced by URBED suggests that it would be possible to plan for 100,000 new homes (5,000/ year) over the next 20 years across the Sheffield/Rotherham conurbation. Their observation is that the UK's regional cities are undersized and under-perform economically, meaning that Sheffield and the other northern cities should be planning for a much more ambitious and faster rate of growth. Much of this growth, URBED assert, could be accommodated in the existing urban areas. However, the report recognises that, under the planning system as it currently operates, a high growth scenario runs the risk of having to make more allocations on land currently designated as Green Belt. This is because it is difficult to show that development within the existing urban area is deliverable.

Our conclusion on the overall level of housing need is summarised in the box overleaf. The annual level of need is broadly consistent with the conclusions of the joint Sheffield/Rotherham Strategic Housing Market Assessment and also takes into account the level needed to support the SCR Strategic Economic Plan. However, it also reflects the level of jobs growth which we think is deliverable and achievable under current planning powers and likely levels of Government investment in infrastructure. We think it is reasonable to assume that there will be an improvement in the economic activity rate over the plan period, given that significant Government investment via the Local Enterprise Partnership is focused on training to improve skills. Whether it is possible to achieve the average rate achieved across England and Wales in 2011 is hard to predict because this will be affected by wider economic conditions. The SEP jobs target is also highly ambitious and is only likely to be achievable if more Government investment is forthcoming through further Growth Deals[51].

Housing Need

Our provisional view is that housing need over the period 2014-2034 is likely to be as follows:

Sheffield: **40,000 – 46,000 homes**
(an average of 2,000 - 2,300 homes per year)

Sheffield/Rotherham Strategic Housing Market Area:
58,000 – 64,000 homes
(an average of 2,900 - 3,200 homes per year)

The housing target that is eventually set in the Sheffield Plan will take into account the level of housing need but will also take account of a number of other factors including:

- The environmental impact of accommodating housing growth
- Infrastructure capacity
- The potential to reduce the number of vacant homes
- Market factors, including the deliverability of sites
- The need for housing to meet specific needs (e.g. older and disabled people, students, affordable housing)

Our current best estimate of housing need is 43,000, which equates to the mid-point of the Sheffield range given opposite.

Consultation questions

Q9: (a) Do you agree with the Council's assessment of housing need in Sheffield local authority area and the Sheffield/ Rotherham Strategic Housing Market Area?

(b) If not, what are your reasons for suggesting different figures?

Q10: Is the Council right to use the Sheffield and Rotherham local authority areas as being representative of the Strategic Housing Market Area?

[51] Growth Deals are agreements between the Government and the SCRLEP. By committing to a certain level of economic growth, the Government provides funding to support new infrastructure and investment in training and skills.