



ORGANISATION	London First
RESPONDENT	79
MATTER	5: Economy and Employment

POLICY 14: SUPPORTING ECONOMIC GROWTH

1) What is the evidence in relation to future jobs growth and the need for employment floorspace and does the policy reflect this?

3) Does the policy set out a justified and effective approach to economic growth which is in general conformity with the London Plan?

1. There are a number of references in the draft City Plan (the Plan) to maintaining a diverse economy, but this is not reflected in Policy 14. For example, paragraph 2.7 references the West End Good Growth Report commissioned jointly by the Greater London Authority and Westminster City Council (Arup, November 2018). It states that, to achieve good growth, investment will be necessary in all commercial sectors including retail, food and drink uses, hotels, arts, culture and entertainment, as well as offices. Similarly, paragraph 14.4 of the Plan states that the diversity of Westminster’s economy is one of its great strengths and identifies a number of high value growth industries.
2. Policy 14A sets a target of at least 63,000 new office jobs over the Plan period. This is taken from the London Office Policy Review (Ramidus Consulting Limited, 2017), which sets Westminster a target of 75,000 new jobs over the period 2016 to 2041, adjusted to reflect the Plan’s timeframe of 2019 to 2040. However, there should be an overall target for employment growth in the borough, not just a target for office jobs. The retail, light industrial, research, medical, hospitality and leisure sectors all make significant job contributions towards Westminster’s economy and a more diverse range of jobs will benefit local residents. It is inconsistent that the Plan, on the whole, supports employment growth in all commercial sectors and yet the jobs target is entirely office focused.

3. Turning to office provision specifically, the West End Good Growth Report shows that between 2000 to 2016, Westminster saw a decline in the amount of available office floorspace. This compares with the neighbouring boroughs of Camden, Islington and Kensington and Chelsea, who all saw a significant increase of around 10–15%. Office and retail floorspace in Westminster decreased by 2% and 6% respectively between 2011 and 2016. Supply has therefore been constrained for some time and, as set out in the report *Good Growth for Central London: Analysis of the CAZ+ from 2020 to 2041* (Arup, 2020) Westminster has failed to deliver the commercial floorspace needed to meet the employment growth targets set for the City by the London Plan as adopted in 2016.
4. The WCC Authority Monitoring Report (March 2020) shows a decline of c775,000sqm office floorspace per annum since 2013. Assuming this trend continues with the same rate of loss, against the Plan’s target of 445,000sqm office floorspace, this would mean Westminster would experience a net loss of c330,000 sq m office floorspace per annum. This would conflict with Policy **SD4** of the draft new London Plan Intend to Publish version December 2019 (the London Plan), which requires, *“The nationally and internationally significant office functions of the CAZ should be supported and enhanced.”*
5. The West End Good Growth Report notes that, despite the ongoing decline in physical floorspace, the West End has experienced significant employment growth over the same period. The evidence suggests that this has been achieved largely through intensification of use of existing space combined with falling vacancy rates. However, Arup argue that in good growth terms, this trend will be very difficult to sustain over the longer term because there are limits as to how low floorspace per worker can fall. The current pandemic adds additional risks to the assumptions around the ‘spaceless growth’ concept mentioned at paragraph **14.2**, which informed the additional office floorspace target of 445,000 sq m additional office floorspace. The Plan’s assumption of continued significant increases in occupational density is not supported by robust evidence and is even riskier given current circumstances. Greater emphasis on job creation is therefore preferable to a floorspace target.
6. In addition, vacancy levels are already low, as acknowledged at paragraph **14.1**, and well below the London average. If both these trends continue, Arup warn that employment could fall in the West End at a time when Crossrail 1, and hopefully, eventually Crossrail 2, are offering the prospect of a major increase in transport capacity and opportunities for good growth. Given the vast public and private investment in Crossrail 1 to date, return on that investment must be maximised from this major new commuter route and the increased access to new employment markets. It is the Council’s responsibility to ensure that there is sufficient additional new commercial space to accommodate commensurate employment growth. The low ambition in the Plan undermines the investment in Crossrail 1 and does not demonstrate adequate return.

7. In terms of the lack of ambition of Policy 14, it is important to note that in the Monitoring Framework in the Plan, Key Performance Indicator 5 for *'Delivery of office floor space across the CAZ and opportunity areas'* states *'Net reduction in floor space'* as the trigger for a review. Given the above trends and the need to replace lost floorspace, plus the unknowns around the long-term impact of Covid-19 on employment densities, this must be changed as it is not ambitious enough. Instead, the trigger should be tied to the jobs target and the policy should be reviewed if the Plan is not delivering sufficient employment growth.
8. It should also be noted that there is a strong relationship between the growth in the office sector and other commercial sectors. Offices need support from several other commercial sectors and office workers contribute significant spend to the retail, leisure and culture industries. This is confirmed in the West End Good Growth Report, which states, *"Growing employment in prime locations underpins high densities of workers who in turn "fuel" the retail, F&B, culture and entertainment economies"*.
9. This therefore calls into question the soundness of using the London Office Policy Review (Ramidus Consulting Limited, 2017) figure as the only employment target in the Plan. The Plan's job target must be reviewed: firstly to ensure that it is ambitious enough to overcome the challenges facing the commercial markets in Westminster outlined above and, secondly, to ensure that the Plan provides a more holistic new jobs target that encompasses all employment generating sectors, not just offices. Without this, the Plan will not conform with the London Plan. Paragraph **2.4.6** states:

"The CAZ has important clusters in areas such as tech, the creative industries and life sciences, adding to its strengths in the business, professional and financial services sector, arts and culture, health, education and law. A supportive policy approach to the wide variety of business space requirements, quality and range of rental values is essential to enable these sectors to flourish and for small and medium-sized enterprises to fulfil their economic potential alongside larger businesses".
10. The cumulative impact of the detailed policies in this Plan, and in particular Policy 10's requirement for commercial development to contribute to affordable housing provision, will be to encourage landowners and developers to refurbish existing commercial buildings, rather than redevelop them, which will miss opportunities for growth and intensification. This is compounded by the fact that the Plan's growth targets rely heavily on windfall sites from those developers.
11. The draft Plan lacks ambition and it risks undermining the economic role of Westminster at a strategic, national and international level. For the reasons set out above, the draft Plan does not meet the tests of soundness set out in Paragraph **35** of the Revised NPPF 2019 because key policies are not

adequately justified and the Plan as a whole will not be effective in achieving its targets.

4) Is the approach to the loss of floorspace set out in Parts D and E of the policy justified and effective?

12. Whilst we support the principle of protecting existing office floorspace, Policy **15D** should be more flexible to ensure it does not hold back the Plan's overall spatial strategy. In an area which contains a number of low-grade properties and/or is not attractive as a location to office tenants, it should be possible to use marketing evidence from a similar property nearby rather than have a number of properties standing empty for an 18-month period, when they could be contributing to another sustainability objective of the spatial strategy, such as meeting housing need. Policy 15D would be more effective if it made specific reference to the use of land swaps to enable any loss of office floorspace from one site to be offset elsewhere in the City. This may result in more sustainable outcomes overall against the objectives of Policy 1.

5) Are the proposed modifications necessary for soundness? Are any other modifications necessary?

13. The jobs target in Policy **14A** should include all commercial sectors, not just offices.

14. Policy **14D** should make explicit reference to the use of land swaps.

15. We welcome the Council's Proposed Main Modification **M/EE/01** for 14D in respect of ground floor change of use.

16. We further support the Council's Proposed Main Modification **M/EE/02** to emphasise the significance of the central London office market and the no net loss clarification.

POLICY 15: TOWN CENTRES, HIGH STREETS AND THE CAZ

10) Is the approach to the protection of A1 uses and the introduction of other uses justified and sufficiently flexible?

17. The Plan's spatial strategy objectives include "*Supporting town centres and high streets, including centres of international importance in the West End and Knightsbridge, to evolve as multifunctional commercial areas to shop, work, and socialise*" (Policy **1A (6)**). Furthermore, Policy **15A** and the subsequent supporting text (paragraph **15.7**) make positive references to diversifying the offer of town centres with complimentary uses to encourage people to dwell and socialise in centres, not just shop.
18. Despite the above, the thrust of the Council's town centre policy remains overly focused on Class A1 retail. Whilst the Council's position has moved forward compared to the adopted policy, it is not progressive enough, especially given the twenty-year timeframe of the Plan and when you consider how online retail has radically changed the sector in the last twenty years. The wording of Policy 15 will quickly become outmoded and **15C(3)** is particularly out-of-date in its desire to restrict consecutive non-A1 uses and should be deleted.
19. The issues currently affecting the retail sector are well documented. Changing shopping patterns, notably but not only the growth of online retail, mean retail is undergoing a transformation: it will be experience-led and many retailers are having to broaden their offer. Enhanced planning flexibility is key to support the changes that are already taking place across the town centre hierarchy. The centres that thrive will be the ones that offer a wider mix of uses including leisure and experiential retail to meet consumer demand.
20. Whilst it is recognised that Westminster has a unique retailing environment, many retail operators have ceased trading during the last five years. This will be further exacerbated by the pandemic and no doubt more will follow as online sales reach levels above 20%. ONS statistics show online sales growing at around 2% per year. If the trend continues this will mean by 2024 online will account for 30% of retail sales, significantly impacting all town centres, including the West End.
21. The objective for all centres across the town centre hierarchy should be to generate activities that create incremental footfall throughout the day/night, rather than the type of frontage a unit has or the type of goods or service that are available. Indeed, many uses across Classes A1-A5, B1, D1, D2 and many sui generis uses can contribute to a vibrant and successful centre.

- 22.** The growing trend of experiential retail often cuts across a number of these traditional use classes and there is less emphasis on the physical sale of goods. Consumers are demanding more than a simple shopping trip and many retailers offer refreshments, entertainment and leisure opportunities within their stores. Consequently, retailers are less likely to follow the traditional Class A definition and an increasing number of retail units are falling into a sui generis use. Society is therefore moving away from monoculture street level activity,
- 23.** For the reasons above, it is no longer appropriate to categorise specifically between different retail activities or push applicants towards A1 uses. For town centres to remain healthy and vibrant, policy must accept that town centres will inevitably become less dependent on retail and have a greater diversity of uses. Flexibility should be encouraged, and this is not just an issue for local town centres and high streets; it applies equally to the West End and the International Centres. Indeed, the A1 approach in Policy 15 is inconsistent with paragraph **2.8** of the Plan, which states in relation to the WERLSPA, *“This will include the transformation of Oxford Street to ensure a more diverse and interesting mix of uses”*.
- 24.** Policy 15’s narrow focus on A1 uses is overly prescriptive and not progressive enough to adapt to structural changes in the retail sector and societal changes more broadly in relation to consumer demand and leisure trends. The reference at paragraph **15.12** to *“shisha bars, betting shops and fast-food takeaways”* suggests that the current policy wording stems from some particular localised issues, rather than a resistance to change, however this does not justify the outdated policy approach. If Policy 15 remains focused purely on A1 uses it will not be effective.
- 25.** A more effective policy approach is one that is more responsive to the market, referring to retail, leisure and other complimentary town centre uses in a more general way. Suggested changes are set out in response to (12) below. This would ensure consistency with national policy. Paragraph **85** of the NPPF (2019) states policies should allow centres *“to grow and diversify in a way that can respond to rapid changes in the retail and leisure industries”*. This would future proof Policy 15, and the health of the various town centres, thus making it more effective.
- 26.** Similarly, in terms of being market responsive, we consider that **15D** is another part of this policy that is outdated. The requirement for an unsuccessful marketing campaign of A1 units before a permanent change can be granted is in effect a moratorium against any change of use to other complimentary town centre uses. 15D should be deleted in its entirety, however, if it is retained the policy must allow for greater flexibility in both the way a property is marketed and the time period required. For example, the current 18-month marketing period is wholly unrealistic in the Westminster context. It should also be

possible to use marketing evidence of a similar unit nearby rather than have a number of units all standing empty for an 18-month period.

27. Notwithstanding the above, if the Inspectors support the Council's position on prioritising A1 use specifically, then **15B** should provide a distinction between the prioritisation of A1 at ground floor level throughout the town centre hierarchy, and at first floor level only within centres characterised by large-format, multi-level stores. Furthermore, the insertion of two specific references to "ground floor" A1 retail space in the Main Modifications (**M/EE/03**) for **15D** is also a positive step forward compared to the Regulation 19 version.

11) Is the approach in general conformity with the London Plan?

28. No. The Council's approach in Policy 15 is more restrictive than the London Plan. In both policies **SD4** (The Central Activities Zone) and **SD6** (Town Centres and High Streets), together with the supporting text for each policy, the general term 'retail' is used throughout and there is never any reference to A1 retail specifically. This includes references to the International Centres, which also use general 'retail' as opposed to A1 shops specifically.

29. Furthermore, SD6B states:

"The adaptation and diversification of town centres should be supported in response to the challenges and opportunities presented by multi-channel shopping and changes in technology and consumer behaviour, including improved management of servicing and deliveries."

12) Are the proposed modifications necessary for soundness? Are any other modifications necessary?

30. Policy 15 should be amended as follows:

- A. Proposals in existing town centres and high streets will enhance and diversify their offer as places to shop, work and spend leisure time.
- B. ~~A1 retail will remain the priority use~~ Retail, leisure uses and other complimentary town centre uses will be prioritised at ground floor throughout the town centre hierarchy, and at first floor level within centres characterised by large format, multi-level stores. ~~It will be supported by complementary town centre uses (including standalone units and subsidiary uses within larger stores) that increase customer dwell time, and enhance town centre vitality and viability.~~ The use of

upper floors for residential use is supported in principle across all parts of the town centre hierarchy except the International Centres.

C. Development within the town centre hierarchy will:

1. be of a scale, type and format that reflects and enhances the role and function of the centre within which it is proposed; and
2. maintain an active frontage; **and**
3. ~~not result in two or more non-A1 uses consecutively in the ground floor frontage of an International Centre, or three or more non-A1 uses consecutively in the ground floor frontage of a CAZ Retail Cluster, Major, District or Local Centre.~~

~~D. In addition to clause C above, proposals for the permanent change of use of a ground floor A1 retail unit will be supported by evidence that there is no reasonable prospect of its continued use for A1 retail purposes, as evidenced by appropriate marketing for a period of at least 18 months. This includes proposals involving the sub-division and loss of ground floor A1 floorspace, but not the inclusion of subsidiary uses within an A1 store as part of a diversified offer. It also does not apply to proposals within the WERLSPA, unless the site is also designated as part of the West End International Centre or a CAZ Retail Cluster.~~

31. If the Inspectors are minded to retain 15D, then it should be noted that we support the Council's Proposed Main Modification **M/EE/03** to refer to the ground floor of a unit specifically. In these circumstances we would also support Proposed Main Modification **M/EE/06**.

POLICY 20: DIGITAL INFRASTRUCTURE, INFORMATION AND COMMUNICATIONS TECHNOLOGY

28) Does the policy set out a justified and effective approach, which is consistent with national policy?

32. Policy 20 should be brought up to date with national policy. The Government will shortly legislate to ensure that all new-build homes come with gigabit-speed broadband, therefore the reference in 20B to just "*major new developments and infrastructure projects*" being designed to enable digital connectivity is outdated.

33. The [Government announcement](#) on 17 March 2020 stated that the Government will use existing powers in the Building Act 1984 to amend the Building

Regulations 2010 to “ensure that housing developers and network operators work together to install internet speeds of over 1,000 megabits per second (Mbps) and for the cost to be capped at £2,000 per dwelling. By introducing the legislation, it will remove the need to retrospectively install broadband and reduce disruption and the high costs of doing so”.

29) Are any modifications necessary for soundness?

34. We recommend that Policy **20B** is amended and **new 20BA** is inserted as follows to make this policy consistent with national policy:

- B. ~~Major~~~~new~~ **New** developments and infrastructure projects will be designed to enable the installation of the most up-to-date standards of digital connectivity and ensure easy maintenance and future upgrading as technologies and standards improve.

- BA. **All new build homes should be designed with the physical infrastructure necessary to provide gigabit-capable connections.**

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