

Planning Strategy and Policy Team
London Borough of Lambeth
Lambeth Town Hall
1 Brixton Hill
London
SW2 1RW

11 March 2020

BY EMAIL

Dear Sir/Madam,

REPRESENTATIONS TO THE LAMBETH LOCAL PLAN REVIEW, AFFORDABLE WORKSPACE SPD AND DRAFT CIL CHARGING SCHEDULE

On behalf of our client, Wolfe Commercial Properties Southbank Limited ('WCPS'), CBRE is instructed to submit representations to the Lambeth Draft Revised Local Plan Consultation, the draft Affordable Workspace Supplementary Planning Document and the draft Community Infrastructure Levy Charging Schedule. These representations have been submitted in respect of our client's landholding at 76-78 Upper Ground, which is currently the subject of a planning application for refurbishment, part demolition and extension, to upgrade the building and provide c.35,000 sqm of additional office space.

Context to representations

The site is located on London's South Bank and directly faces onto the River Thames, within the Waterloo Opportunity Area. The site currently operates as an office building (Use Class B1a), occupied by IBM. The existing building provides c. 27,000 sqm of office floorspace.

At the time of its construction, the building was designed to respond to a more defensive and vehicle dominant environment. Alongside the dated external configuration, the building also suffers from inflexible floorplates and a lack of natural light. Consequently, it no longer provides the accommodation required of a flagship building able to compete with modern new builds in other areas of London. Ensuring that the building remains a headquarter building is a key aspiration of the submitted application, to continue to support and contribute to Waterloo and the South Bank as an office location. In this way, the application is intended to respond to LB Lambeth's ambition of being at the forefront of London's dynamic creative and digital economy and delivers a number of the aspirations of the emerging Local Plan. The representations are made in this context.

Following the closure of this consultation, we understand that LB Lambeth will be submitting the Revised Local Plan to the Planning Inspectorate for independent examination. During examination, the Local Plan will be reviewed to assess whether it is capable of being found sound. Under paragraph 35 of the National Planning Policy Framework, plans are considered sound if they are:

- a) Positively prepared – providing a strategy which, as a minimum, seeks to meet the areas objectively assessed needs and is informed by agreements with other authorities;
- b) Justified – an appropriate strategy, taking into account the reasonable alternatives, and based on proportionate evidence;
- c) Effective – deliverable over the plan period and based on effective joint working

- d) Consistent with national policy – enabling the delivery of sustainable development in accordance with the policies within the NPPF.

WCPS is supportive of the principle of updating the Local Plan and its overarching aspirations. WCPS's site is key to achieving a number of these aims; including the contribution towards the provision of affordable workspace related to the needs of the local workforce and start-up businesses supporting Lambeth's tech and creative industry vision. In order that the site can maximise its contribution to the delivery of these strategic objectives, amongst others, and to ensure that the Local Plan is capable of being found sound at examination, there are a number of changes to the draft policies, the affordable workspace SPD and the CIL Charging Schedule, that WCPS considers are necessary. These are set out in the representations below.

Representations to the Local Plan Review

WCPS is supportive of Lambeth's aspirations to continue to grow the creative and digital industries sector within the borough and considers this as key to contributing to all of the identified spatial planning issues identified in the Local Plan Review.

The application site sits within the Waterloo Opportunity Area and Central Activities Zone, internationally recognised locations which are key to driving growth and the competitive advantage of Lambeth as a place to do business – particularly in the professional and technical sector, as identified in Lambeth's Creative and Digital industries Strategy for Growth (2018). The Local Plan notes that the key challenge in this type of economic growth is ensuring that there is space (or opportunity), for small and medium enterprises through new, relevant and affordable space for small businesses, to support their development. Further, there is a significant need for additional B1a floorspace. The 2020 Workspace Topic Paper notes that between 2009/10 and 2018/19 there has been a net loss of over 223,000sqm of employment floorspace in the borough, of which 150,000sqm was B1a offices.

WCPS is supportive of the aspiration to encourage additional employment growth and has been looking at ways to effectively incorporate an appropriate offer for new companies and start-ups within the refurbished building on site. However, whilst there is an identified need for affordable workspace within the borough, we consider that the current affordable workspace policy – ED2 – is not currently sound in accordance with the tests of paragraph 35 of the NPPF and the spirit of paragraph 81.

Draft Policy ED2 proposes a range of requirements for affordable workspace, depending upon where the site is located and the quantum of development proposed. In Waterloo, development of over 1,000sqm (GIA) of B1a floorspace, should provide 10% of that floorspace at 50% of market rents for a period of 15 years. Supporting paragraph 6.14 notes that the policy will apply to all applications, including those for redevelopment and extension of existing offices, continuing that the policy will also apply to planning applications that involve refurbishment of existing office space where this would result in an increase in the quality and rental value of the space.

We consider that the draft policy is not currently positively prepared by requiring affordable workspace on refurbishment schemes. The 2019 Deloitte Crane Survey has found that of all office development under construction in London, over a third of the floorspace under construction is from refurbishment projects. In the Southbank office area, this figure rose to 42%. Therefore, refurbishment projects play a significant part in delivering much needed office floorspace in Lambeth as well as ensuring that the key employment areas in the borough can continue to compete with City and West End markets. Refurbishment schemes and investment in existing office floorspace inherently poses viability challenges in comparison to delivering new floorspace, with a commercial return required to provide the incentive to undertake the refurbishment. Refurbishment projects will always aim to result in an increase in the quality and rental value of the space by the nature of the works. Requiring a portion of this space to be for affordable workspace, reduces the incentive not only for refurbishment but also for extending existing floorspace. A refurbishment project with no external changes will not require planning permission, but if an extension is proposed, all of the existing

floorspace would be required to provide affordable workspace. Therefore, in its current form, the policy actively discourages parties from delivering new and/or refurbished floorspace as part of a refurbishment project. This could have negative consequences for Lambeth in terms of meeting the objectively assessed need for office space (not positively prepared), failure of the plan to provide spaces suitable for a range of workspaces (not effective) and failure to promote the refurbishment of offices (not consistent with the aims of the London Plan – Policy SD5).

In accordance with NPPF paragraph 81, Draft Policy ED2 as drafted does not positively or proactively encourage sustainable economic growth (clause a), address potential barriers to investment (clause c) or enable a rapid response to changes in economic circumstances (clause d).

The indicative discount to market rent was tested via BNP Paribas' 2019 report (LB Lambeth: Local Plan and Community Infrastructure Levy Viability Review). At paragraph 7.2, the report confirms that the discount rents have been '*tested on schemes which provide new or replacement B1 floorspace*' – there is a substantial difference in these scenarios and there is a lack of clarity and detail in this regard, for instance, it is not clear whether the report has tested the impact to viability of applying discounted rent to refurbished floorspace that is being extended. Further, the proposed rents were tested against the existing CIL rates, not the new rates, which almost double the cost of new office floorspace in Waterloo. The document also states that it assumes an MCIL rate of £60 per sqm, when in some areas of Waterloo, the rate is £185 per sqm for offices. Therefore, it is unclear whether the effect of the increased CIL rate and the requirement for affordable workspace has been appropriately tested.

Such concerns regarding viability were also raised by the GLA in their response to the previous iteration of this plan. They stated '*The Mayor welcomes Lambeth's draft policy on affordable workspace in order to support, in particular, creative and digital industries. However, it should ensure that the detailed requirements are viable and will not undermine the overall delivery of office floorspace and affordable workspace.*'

We consider that the policy could address the above concern and be found sound by only requiring affordable workspace to be provided on any net increase in floorspace, rather than on existing floorspace, so as not to frustrate the overall delivery of workspace and subsequently affordable workspace. This should be clarified in the supporting text.

In addition, the policy as drafted is not flexible in terms of the approach to affordable workspace. We suggest that some flexibility to this policy should be added, so the principle of providing affordable space is maintained, but the way in which it is delivered is site specific. This ensures that the policy is positively prepared and results in sufficient affordable workspace being delivered. Related to the lack of flexibility within the policy, we do not consider that Policy ED2 is justified or based on all reasonable alternatives. The BNP Report tests the levels of discounted rent within Waterloo. Paragraph 6.7 states that '*as an alternative the Council may also wish to consider requiring a proportion of office floorspace to be provided as 'collaborative' or 'shared workspace' which is a model that developers are increasingly bringing forward*'. This alternative to affordable workspace or as a model of affordable workspace has not been fully tested or considered as a reasonable alternative. We consider that the type of affordable workspace sought should be done so on a site by site basis, based on the site's location and constraints, rather than a blanket approach to provision

Further, it is the intention for these to be secured via S106 obligations. Paragraph 56 of the NPPF requires that obligations are necessary to make the development acceptable in planning terms, directly related to the development and fairly and reasonably related in scale and kind to the development. Requiring affordable workspace across existing floorspace is not reasonably related to the development and therefore draft policy ED2 is also not consistent with national policy.

Affordable workspace SPD

Our comments on Policy ED2 are also directly relatable and transferable to the draft Affordable Workspace SPD.

The SPD sets out three possible routes to delivering affordable workspace on a site. WCPS is supportive of allowing organisations who are not on the Approved Provider List to manage the workspace, subject to approval by the Council. This ensures that there are a range of providers and the market does not become dominated by one provider.

WCPS has concerns as to whether the requirement for a Viability Assessment and subsequent viability review is effective under the NPPF. There is limited precedent available as to the industry standards of viability inputs and requiring a viability review of the development could delay the delivery of office floorspace.

Proposed CIL rate

For Zone A, where the site is located, the proposed CIL rate for office development is forecast to increase from £125 (plus indexation) to £225 per sqm. This is a significant increase which has not been fully assessed in the BNP report alongside the impact of affordable workspace. We do not consider that this strikes an appropriate balance between ensuring development remains viable and contributing to infrastructure, particularly when taking into account the requirement for affordable workspace and other significant S106 contributions. The 2019 BNP report notes at paragraph 7.7. that the need to deliver affordable housing needs to be balanced with the need to secure contributions to fund community infrastructure that will support development and growth. There is no such flexibility noted for affordable workspace; however, the increase of CIL rates on both types of development is noted to have a less than 5% impact on viability.

Should the increased CIL rate be imposed, there should be some flexibility on the approach to affordable workspace, as described above.

Summary

WCPS welcome the review of the Local Plan to ensure that it reflects current needs in the Borough; however, we request that the proposed amendments to the affordable workspace policy are introduced so as not to frustrate office refurbishments. Flexibility should also be added into the policy to allow for other models of affordable workspace to be implemented where it is demonstrated that this better suits the need of local businesses. In addition, we request that the policy should acknowledge and the affordable discount rents be assessed on the increased CIL cost being proposed.

We hope that the above representations are useful in the context of the emerging plan. Should you require any further clarification, please do not hesitate to contact me or my colleague [REDACTED] [REDACTED]@cbre.com / 0207 182 2305).

Yours sincerely,

[REDACTED]

[REDACTED]
SENIOR DIRECTOR – HEAD OF LONDON PLANNING