

**Lambeth EIP - Matter 4 Statement**

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**Introduction**

1. This written statement is submitted to the Lambeth EIP on behalf of Kessler (SLR) Limited in response to Questions and Matters raised by the Inspector in relation to Matter 4 Economic Development, Retail and Town Centre uses.
2. Responses are set out below in relation to questions 4.1, 4.3 and 4.9.

**Question 4.1 Building a strong, competitive economy:**

***(i) Do policies ED1-15 positively contribute to building a strong, competitive economy in accordance with the requirements of the Framework?***

3. We do not consider that the current wording of Policy ED2 is sound on the basis that it is not positively prepared or consistent with the NPPF. The inflexibility of the policy will pose viability issues for schemes coming forward and will reduce the delivery of new office floorspace during the plan period, ultimately weakening the economy. Greater flexibility should be applied to the policy wording as suggested in answer to Question 4.1 (ii) below.

***(ii) Is the Plan flexible enough to encourage new and innovative forms of workspace in response to a fast-changing industrial context?***

4. Policy ED2 is not considered to provide the necessary flexibility to support new and innovative forms of workspace. Whilst the principle of seeking the provision of affordable workspace (formally Class B1 and offices and now Class E) is supported, it is considered that some flexibility should be built into the policy to enable a truly meaningful offer to be delivered that can meet an innovative dynamic context.
5. It is considered that a floorspace only offer would not go far enough to meet the aspirations the policy is trying to achieve. Supporting services are vital to the success of those new start-up companies such as mentoring services, lectures, co-working arrangements, technical support, coaching, amenities, synergy with an industry in close proximity etc
6. In addition, where there is a significant quantum of office affordable workspace being provided, other forms of affordable workspace can be beneficial to supporting the office element and can provide much needed discounted space for start-up businesses in line with local need. For example:
  - coffee shop/ restaurant units,
  - fitness / health & Wellbeing start -ups
  - social and community uses such as a community space for use by a charity, or social group that cannot afford to pay full rent for hire etc.

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7. The policy states, provision should be based on local need and allowing more flexibility in the uses in Class E and F2 that are also technically 'workspaces' would go further in delivering a genuinely effective offer that meets the local need of an area.
8. Indeed, as set out in our original representations, we would like to highlight that Policy E3 of the Draft London Plan (SD03) sets out the Mayor's approach to affordable workspace and notes that the intention is to secure Use Class B space, now falling under Class E, with rents that are below the market rate for social, cultural or economic development purposes such as charities and space for cultural uses such as rehearsal space. Part A of Policy E3 of the Draft London Plan (SD03) states:-

*"In defined circumstances set out in Parts B and C below, planning obligations may be used to secure affordable workspace (in the B Use Class) at rents maintained below the market rate for that space for a specific social, cultural or economic development purpose such as:*

- 1) for specific sectors that have social value such as charities, voluntary and community organisations or social enterprises*
- 2) for specific sectors that have cultural value such as creative and artists' workspace, rehearsal and performance space and makerspace*
- 3) for disadvantaged groups starting up in any sector*
- 4) supporting educational outcomes through connections to schools, colleges or higher education*
- 5) supporting start-up and early stage businesses or regeneration".*

9. Furthermore paragraph 6.11 of the Draft Local Plan (PD01) recognises that these types of spaces for creative, cultural and charitable organisations are "an integral part of London's ecosystem". Therefore, the intention of the policy should be to allow such space to be provided on a basis that can best support local needs and not be restricted by subsections of the new Class E to refer solely to office floorspace, it should therefore also include Class F2 and Sui Generis uses. It is essential that this flexibility is introduced to allow for schemes to respond to the ever-changing commercial market, where the nature and needs of start-ups constantly involve and will continue to do so throughout the Plan period.

10. It is therefore suggested that draft Policy ED2 part B should be revised to state:

***"The affordable workspace secured should be provided on-site and be designed to meet a local need within the B1 Class E or another use Class as agreed with the Council where a local need is demonstrated".***

11. The policy should also allow for local need to be assessed at the time of determination of an application and should allow for reviews to be undertaken to adapt and evolve local requirements in the future.

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12. Part C of ED2 sets out that affordable workspace must be delivered in one of three ways. These are:

- developer owned and leased to Affordable Workspace Provider on Council's approved provider list and then sub-let to end users;
- developer owner acts as the affordable workspace provider and lets to end user; or
- developer/owner lets directly to end users that do not require managed affordable workspace.

13. These approaches are potentially restrictive and flexibility should be included for alternative approaches to be agreed with the LPA. In particular, these will have to be defined at the time of planning permission being granted, but may not be delivered for some years and new products, arrangements, approaches may emerge in time given affordable workspace is a relatively recent requirement. At the time of delivery, a better approach may be the best solution for the site and so a mechanism to allow for this should be considered.

14. It is suggested that a point iv) be added that states:

***‘or an alternative approach to be agreed with the LPA’.***

15. Another area where it is considered that it would be beneficial to introduce some more flexibility is part d of Policy ED2 in terms of the timing of delivery of affordable workspace. Policy ED2 part d currently states:

**“The affordable workspace should be made available for occupation at the same time of or prior to first occupation as the rest of the B1a floorspace in the development”.**

16. The non-affordable workspace provision and occupation provides the funds for the delivery of the affordable workspace elements and therefore it would be helpful to include a timed approach that enables a percentage of non-affordable workspace to be delivered and occupied prior to the affordable workspace elements; or a mechanism that requires delivery of affordable workspace within 12 months of occupation of the non-affordable workspace. This will assist the viability of schemes.

17. Separately on masterplan/ phased schemes, there should be the ability to ‘pro rata’ the affordable workspace provision. For example, if a scheme has several office plots that will all be delivered at different times, then the minimum requirement should be for the affordable workspace element associated with the floorspace of the office floorspace in that phase to be delivered.

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18. There are various ways of securing this, but a suggestion is that Policy ED2 part d should be revised to state:

“The affordable workspace should be made available for occupation within **12** months of first occupation of **the non-affordable workspace**.”

**In phased developments, the affordable workspace can be delivered on a pro rata basis requiring that at least the minimum amount triggered for that phase is delivered and ready for occupation within 12 months of occupation of the non-affordable floorspace element.**

19. Part F requires that where proposals do not provide the level of affordable workspace required, viability information will need to be supplied to demonstrate why.
20. Further flexibility should be included here to ensure where schemes deliver an alternative option that equates to a policy compliant offer, the affordable workspace offer should be considered to have complied with the policy and the application should be allowed to process using the fast track route without needing to provide a full financial viability assessment.
21. Optimising the ability of the Local Plan (PD01) to respond to the ever changing market conditions to ensure that new and innovative forms of workspace can be delivered to meet future needs during the plan period is fundamental to the economic development of the Borough. It is for these reasons as set out above that the current wording of Policy ED2 is considered to be unsound.

### Question 4.3 Affordable workspace:

- (i) ***Is policy ED2, which seeks to promote affordable workspaces, sufficiently responsive to sensitive viability considerations, or are there soundness issues with its application, for example in relation to applications for redevelopment and refurbishment of office space?***
22. We do not consider that the current wording of Policy ED2 sufficiently responds to sensitive viability considerations and is unsound. For the reasons stated above in relation to Question 4.1 (ii) this policy is not considered to provide sufficient flexibility and should provide a wider definition of affordable workspace to support office uses. This additional flexibility will make the scheme more attractive to future occupiers improving the letability of the space. As such, this will improve the long-term viability of sites for office use.

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23. Secondly, the wording of the policy currently requires that all schemes “proposing at least 1000sqm (GIA) of office floorspace should be required to deliver affordable office provision. This will capture both refurbishment schemes over this 1,000sqm threshold which propose no new floorspace, as well as schemes proposing an overall uplift. This is not considered to be unsound. The policy wording should be amended to state that solely an uplift in floorspace should be required to deliver affordable office floorspace and should set a threshold of 1,000sqm net additional commercial floorspace.
24. The current wording of this policy is likely to mean that it is not viable to bring forward refurbishment schemes where there is no uplift in floorspace. In addition, redevelopment schemes resulting in a very small uplift in floorspace would also be captured if the original building is over 1,000sqm.
25. We also consider that the uplift in floorspace should be calculated on the basis of Net Internal Area (NIA) and not Gross Internal Area (GIA). This is owing to the fact that most office buildings are multi tenanted with significant back of house circulation space, and large, shared areas at grade and shared amenity provision. As such, calculating the affordable office quantum based on NIA will result in a more efficient way of calculating such provision.
26. Given the challenging economic times ahead as a result of the impact of COVID 19 on the economy, coupled with the market uncertainty created by BREXIT, it is essential that the Local Plan does not bring forward policy that is too restrictive that it makes schemes unviable.
27. Secondly, the percentage delivery of affordable workspace, the percentage of rent reduction and time period of that reduction should be set as a target to be determined on a case by case basis following a detailed analysis of the viability case. This would allow for greater flexibility where site specific circumstances mean that the full proposed 10% of affordable floorspace is not achievable.
28. We propose that the wording of Policy ED2 be changed as follows:
- “i) In Waterloo/Southbank and Vauxhall developments proposing **an uplift** of 1000sqm (GIA NIA) gross B1a office floorspace should provide **target** 10 per cent of that floorspace at 50 per cent of market rents for a period of 15 years”

**Question 4.9 Employment and training:**

***Policy ED15 seeks to maximise local employment opportunities through a number of measures, including a requirement for a minimum of 25% of all jobs created by a development proposal (in both the construction phase and for the first two years of end-use occupation of the development) to be secured for local residents. Is this policy justified, is it in accord with the London Plan and national policy and is it enforceable, i.e. effective?***

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29. While the principle of requiring schemes to look at opportunities to optimise the use of local workers both during construction and post completion is supported, the current wording of Policy E15 is not sound. Schemes should be required to demonstrate that measures are in place to optimise the use of local works and that steps are being taken to advertise positions to local workers. Developers should be encouraged to engage locally and to explore potential partnerships with organisations promoting local employment and also to work directly with employers based within Lambeth. However, the minimum requirement should be removed from the policy. This policy should be able to respond to the ever-evolving jobs market within Lambeth and the appropriate level of local employment should be judged on a case by case basis at the time that planning permission is granted.
30. The Draft London Plan (SD03) Policy E11 part (b) states that proposals should support employment, skills development, apprenticeships, and other education and training opportunities in both the construction and end-use phases, including through Section 106 obligations where appropriate. Then (b) part 2 states that Boroughs should “*ensure the greatest level of take-up by Londoners of training, apprenticeships and employment opportunities created*” No specific reference is made to setting specific targets for local level employment. Therefore, we consider that the Lambeth policy is unnecessarily prescriptive and is seeking to go beyond the intent of the London Plan draft policy.
31. We also do not consider that this condition is enforceable as it would require Lambeth Officers to receive evidence of the geographical location of all employees over a two-year period which presents GDPR challenges.
32. Accordingly, we propose the following changes in wording:
- i) ~~A minimum of 25 per cent of all jobs~~ **up to 25% of the jobs created** by the development (in both the construction phase and for the first two years of end-use occupation of the development) to be secured by the council for local residents.