

**LONDON BOROUGH OF RICHMOND UPON THAMES**

**LOCAL PLAN INDEPENDENT EXAMINATION IN PUBLIC**

**WRITTEN STATEMENT**

**HEARING 6: ECONOMY AND EMPLOYMENT; BOROUGH CENTRES**

**WEDNESDAY 11 OCTOBER, MORNING**

***COUNCIL RESPONSES TO QUESTIONS 4-7, ON ECONOMY AND EMPLOYMENT***

**Document version: 8/9/17**

***Does the Local Plan provide the most appropriate and robust strategy towards the economy with due regard to cross border issues? Is the approach evidenced adequately and consistent with national policy and in general conformity with the London Plan? Will the approach be effective?***

The Plan provides the most appropriate and robust strategy towards the local economy, based on comprehensive, up to date evidence indicating the lack of sufficient employment floorspace provision and justifying a protective approach. This is consistent with national policy and the London Plan, to support economic growth, with due regard to cross border issues. See the Council's responses to questions 4 to 7 within this Statement below, which show the approach will be effective.

**4. What robust evidence justified Policy LP 40 and how will it be implemented effectively, with due regard to viability?**

Policy LP40 seeks to retain land in employment use and directs major new employment towards Richmond and Twickenham centres with smaller scale proposals to be encouraged across the borough. It encourages the provision of small units and flexible workspace and seeks to retain and enhance the level of existing employment floorspace within mixed use proposals.

The London Plan presents updated job projections for all economic uses which show a growing local economy in the borough and strong demand for new jobs. The shortage of potential development sites and pressure from higher value uses, namely housing, mean that there is limited potential to expand the provision of employment floorspace.

The general presumption against employment land losses is led by the London Plan and its evidence base including the recent GLA's 2017 London Industrial Land Study (LILD) (PS-004) and London Office Policy Review (2017) (PS-003). LBRuT is classed as a retain borough reflecting its very low industrial vacancy rates (1.8%) and the positive demand for an additional 12 hectares of land. The need to protect employment sites in London from higher value uses (such as residential) is fully recognised in Section 2.1 of the LILD. Given the weight of the GLA's evidence coupled with LBRuT's evidence base, this restrictive stance to protecting the stock of employment land and property is considered to be fully justified and in conformity with the London Plan.

LBRuT commissioned a Stage 1 Employment Sites and Premises Study (2016) (SD-034). This concluded that in response to heavy recent losses of both office and industrial space and land and the need to support residents and the local economy through the availability of land and premises for employment uses, the Council's policy to strengthen the overall approach towards retaining and encouraging new employment space and land is justified. All employment sites were reviewed in the Stage 2 Employment Sites and Premises Study (2017) (SD-035), which found that all sites should continue to be used for employment purposes.

Employment space will be delivered by the private sector as part of employment only or mixed use schemes in locations identified in the site allocations policies and Policies LP40, 41 and 42. Site Allocations with a significant element of employment provision include SA24 Stag Brewery, SA27 Telephone Exchange & 172-76 Upper Richmond Road West, SA19 Richmond Station, SA13 Telephone Exchange, Whitton & SA3 Hampton Traffic Unit. The provision of flexible, small units to serve the borough's particular needs will be secured

through Planning Obligations. The Planning Obligations SPD (PS-043) is to be reviewed to set out more detailed guidance in this respect.

The Council considers that Policy LP 40 accords with paragraph 22 of the NPPF which sets the benchmark for releasing employment sites as a “reasonable prospect” of the site being used for its intended use. Given that 99.2% of industrial land in the borough is occupied and there is evidence of strong positive demand for industrial and office uses, then there is clearly a reasonable prospect that when employment sites are vacated they could be re-occupied for employment uses. Within this context, the employment policies place the emphasis on the applicant to demonstrate that a particular site is no longer viable for employment purposes through providing robust marketing evidence over a 2 year period. If this can be demonstrated then there are policy options for alternative uses included within the sequential approach to redevelopment. The main viability issue that the Council is aware of, from managing development in the borough, is residential hope value. Hence the Plan seeks to control that through allocations and the general employment policy approach.

***Does the policy provide adequate flexibility for potential changing circumstances over the plan period?***

The Council considers that Policies LP 40, LP 41 and LP 42 strike an appropriate balance between protecting the borough’s employment land and providing flexibility for redevelopment in appropriate circumstances. This is consistent with Paragraph 22 of the NPPF, which seeks to avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of the site being used for that purpose.

The policies are considered to be flexible and effective. They include a number of options that the Council has identified as potentially acceptable for redevelopment where relevant criteria are met. However, strong emphasis is placed on the requirement for applications to demonstrate that there is no longer demand for an employment use on the site through the provision of marketing evidence. This is considered to be crucial to continue to safeguard employment land within the borough.

The Council has well established and up-to-date monitoring systems in place for a range of key planning indicators. These will be used to monitor the effectiveness of the employment policies over the plan period and will be reported on within the Authority’s Monitoring Reports. This will enable the Council to identify any change in demand for the type and amount of employment floorspace across the borough.

***Does the plan contain flexibility in Policy LP 41 by recognising that affordable workspace could be provided by its design or its rent?***

Section D (New Offices) criteria 4 and 5 of Policy LP 41 relate to the provision of affordable workspace. Criterion 4 relates to design and Criterion 5 relates to cross subsidised rent through Section 106 agreement. As paragraph 10.2.12 of the supporting text specifies, affordable workspace is considered to have a rent and service charge of less than 80% of comparable market rates.

Paragraph 10.2.13 of the supporting text sets out the requirement for B1 office space to be flexible enough to be used for research, studio, light industrial and office purposes. It also prescribes some design features of flexible office space which include a clear and flexible floor plate space with few supporting columns and the availability of a range of unit sizes.

The draft Whole Plan Viability Assessment (SD-024) looked at the provision of affordable workspace in a major office development and found the impact to be relatively negligible, concluding that the proportion is relatively negligible and the value of the freehold investment is not likely to be sufficiently sensitive to be affected. It tested and made assumptions for a notional major office scheme in one of the main centres, allowing for a part of the building to be let on an 'affordable basis' as proposed, namely 10% of the floor area generating 20% less rent.

**5. What robust evidence supports Policy LP 41 and how will it be implemented effectively? Is the Borough wide approach to office floorspace justified and consistent with national policy and in conformity with the London Plan?**

The Council considers that the evidence base is extremely robust and up to date. A number of recent studies have shaped this policy and are summarised below:

- Greater London Authority's Updated London Office Policy Review (June 2017) (PS-003), which reinforces the borough's need to very carefully manage its pressured supply of office stock. This study identifies jobs growth for the borough over the London Plan period as being 6,900 jobs requiring 78,100 sq.m of new floorspace. This higher growth appears to be driven by a more optimistic outlook London wide.
- LBRuT's Employment Sites & Premises Report Stage 1 (2016) (SD-034) identified a need for 120,000 sq.m of office space, fuelled by the need for jobs related floorspace growth (an additional 3,100 jobs to 2033) and the need to compensate for floorspace losses, the majority of which relate to Permitted Development Rights changes to residential. Paragraph 4.6 advocates that with demand growing and supply tightening, clearly the Council's policy approach of strong protection and encouragement of new office space is justified and indeed is an absolute requirement if the borough is to continue to offer local employment to residents and opportunity to business.
- LBRuT's Employment Sites & Premises Report Stage 2 (2017 Update) (SD-035) found that occupancy of existing office stock is very high and vacancy rates are at or below the 8% figure commonly accepted as that needed to allow for churn. Qualitative assessment of the Key Office Areas has highlighted that the losses to Permitted Development Rights have been substantial and widespread.
- The Council has compiled an Employment Floorspace Monitoring Report (Sept 2017) (PS-090). This shows significant losses of B1a (Office) floorspace within the borough:

Year	Loss of B1a (sq.m)
2013 – 14	3,811
2014 – 15	20,583
2015 – 16	28,313
2016 – 17	16,249

- The data also demonstrates the sheer scale of the loss of office floorspace through prior approvals for permitted development for change of use to C3 residential uses which accounted for the loss of 14,000 sq.m office floorspace.

<b>Year</b>	<b>Loss of B1a (sq.m)</b>
2013 – 14	1,067
2014 – 15	17,089
2015 – 16	23,298
2016 – 17	11,271

NPPF Paragraph 21 states that Councils should support existing business sectors and where possible identify and plan for new or emerging sectors. Policy 4.2 (Offices) of the London Plan specifies that Local Plan preparation should enhance the environment and offer of London's office locations and work with sub regional partners to develop a co-ordinated, phased strategy to manage long term, structural changes in the office market, focusing new capacity where there is strategic as well as local evidence of demand.

The evidence base categorically demonstrates the sheer scale of the recent losses in B1a Office space within the borough, alongside growing demand requirements particularly from small and medium sized businesses. Both the Employment Sites and Premises Reports produced by Peter Brett Associates found that the growing demand requirements and tightening of office supply supports the Council's proposed robust approach to resist the loss of office floorspace through strong policy retaining offices in the town centres and newly designated Key Office Areas. Therefore it is considered that the robust approach to safeguarding B1a Office floorspace within the borough fully reflects both national and regional policy and is clearly justified by up to date evidence.

***Is the sequential approach to redevelopment justified?***

The Council seeks to safeguard all areas of office floorspace within the borough as justified by the evidence base above. Outside of the KOAs a sequential approach to the redevelopment of office space places clear emphasis on the need for the applicant to provide robust and compelling marketing evidence to demonstrate that there is no longer demand for an office based use within the location. If such evidence can be provided then the sequential approach continues to prioritise employment generating uses, followed by mixed uses which maximise the amount of affordable housing provision as part of the mix and finally for residential development with maximum provision of affordable housing.

It is considered that this approach is also clearly justified with regard to National Guidance as set out at paragraph 22 of the NPPF, which states:

“Where there is no reasonable prospect of a site being used for allocated employment use, applications for alternative uses of land or buildings should be treated on their merits *having regard to market signals and the relative need for different land uses* to support sustainable local communities.” (italics are the Council’s emphasis)

Furthermore, paragraph 4.7 of the LBRuT Employment Sites & Premises Report (Stage 2) (SD-035), points out that a high proportion of the office losses to Permitted Development Rights have been in areas outside of the Key Office Areas. These sites tend to be the small, more affordable units that the Council seeks to encourage. The report recommends that policy should be strictly applied in the non-designated areas if they are to remain and offer employment opportunity to residents.

***Are the Key Office Areas identified through a robust evidence base?***

LBRuT has two Article 4 Directions in place to remove permitted development rights for change of use from B1a to C3 residential, which came into effect on 30/11/2014 and 01/10/2016 (SD-038). Together these cover significant parts of the borough which are designated as Key Office Areas (KOAs) under Policy LP 41 and are allocated on the Policies Map. London House (243-253 Lower Mortlake Road, Richmond) has been identified as a KOA subsequent to the making of the Article 4 Directions. Within areas allocated as KOAs a net loss of office floorspace will not be permitted. There are no attenuating circumstances for the loss of office space within the Key Office Areas.

The areas identified under the Article 4 Directions contain B1a Offices which are of local significance in terms of size, type of premises and/or concentration of jobs. Permitted development from office to residential use would have an erosive impact on remaining office accommodation. Past experience within the borough has shown that incoming residential development places pressure on local authorities to regulate impacts on amenity such as noise and servicing, conflict which can undermine the operation of remaining/future businesses.

The 2017 Stage 2 Employment Sites and Premises Report (SD-035) reviewed the allocated KOAs and made a judgement on the suitability of their designations. It found that the very high occupancy rates and the profile of the borough’s business base merits at the very least retention of all the KOA boundaries. A high proportion of change of use to residential and loss of office across the borough has happened beyond the KOA boundaries, and as supply tightens further there is likely to be a case in the future for widening the KOA boundaries.



The policy proposal to designate all the areas benefitting from Article Four Directions as KOAs is supported by the Employment Sites and Premises Reports. The reports found that only a small part of one proposed KOA, Mortlake High Street, justified a reduction in the proposed boundary (this can be kept under future review, taking into account implementation of any approvals). Otherwise all areas were considered to justify their proposed designation.

***Is the provision of affordable office space justified and should the policy contain a reference to SPD?***

Policy LP 41 seeks to ensure that there are a range of office premises available within the borough, particularly for small and medium sized business activities to allow businesses to grow and thrive. The Council seeks provision of small units to accommodate a variety of local businesses and small firms and to provide the opportunity for residents to set up their own enterprise, enabling them to work closer to home. The policy requires the provision of affordable office space within all major developments with >1,000 sq.m of office space to be secured through Planning Obligations.

The 2017 Employment Sites and Premises reports Study (Paragraph 2.123), states that the borough's employment base includes high rates of self-employment and smaller businesses that requires small to medium sized affordable office space. NOMIS data sourced from the Inter Departmental Business Register (ONS) (2016) showed that within Richmond 92.9% of enterprises were classed as Micro (0-9 employees). By comparison only 0.3% were classed as large enterprises (>250 employees). This emphasises the localised need for smaller affordable office premises.

The Council's adopted Planning Obligations SPD (PS-043) does not currently directly refer to the provision of affordable office space. It is the intention to revise this SPD following adoption of the Local Plan, which will provide the policy context for more specific requirements with regard to affordable office space to be secured through Planning Obligations. The Council therefore maintains that Policy LP41 should contain reference to the SPD.

**6. What robust evidence supports Policy LP 42 and how will it be implemented effectively? Is the Borough wide approach to industrial floorspace justified?**

The Employment Sites & Premises Study (2016) (SD-034) updated the policy review and demand side assessment of 2013 and found that to maintain an industrial base to continue to serve local businesses and residents there is a need to avoid further releases of industrial land. Demand for industrial floorspace has been shown by PBA to be 79,000 sq.m by 2033. The GLA's LILD Study (2017) (PS-004) reaches the same conclusion and evidences that industrial losses in Richmond have been running at very high rates - 8.8 ha lost between 2010-15 (which was much higher than envisaged in previous GLA evidence). The study also showed a positive demand for industrial space driven on the whole by logistics.

Richmond is categorised by the GLA as a "restrictive transfer" borough, and has very little industrial floorspace, indeed one of the smallest reservoirs of space in London. The Mayor of London's 2012 Land for Industry and Transport SPG identifies Richmond as a "restrictive transfer" borough, and set a benchmark rate for industrial land release, which in Richmond's case was a total 4 Ha release between 2011 and 2031, an annual rate of 0.2 Ha.

Furthermore, figure 15.1 of the GLA's LILD (2017) revisits the categorisation of the London Boroughs' Industrial Land Markets. LBRuT falls into the new retain category which means the borough should seek to retain its land and floorspace capacity to accommodate industrial activity. Industrial vacancy rates in the borough are very low at just 1.8% and on top of the retain categorisation the LILD report identifies a positive requirement for 12 hectares of industrial land. Policy LP 42 strengthens the protection of key industrial land, and is driven by the gap between the demand for industrial premises in the borough and the lack of available supply. In the interests of a sustainable local economy what industrial land is left in Richmond needs to be retained and new land identified to provide premises for the growth in employment floorspace identified in the forecasts. This may not be possible given the shortages of space but the evidence shows that the identification of sites for industrial uses and the protection of these sites is justified.

***Is a 2 year marketing period justified and will it be effective in implementation?***

The two year marketing period has proved over time to be effective, in the context of this borough where there are few opportunities for development and available sites are generally very limited. In periods of recession and slower take-up of employment land, it is of sufficient length to attract prospective tenants. The period gives adequate time for full and proper marketing, to prevent inappropriate interest in the highest value use in the shortest time without testing the market; often a redevelopment for residential use. This duration allows adequate time for an active, comprehensive marketing campaign, viewings and expressions of interest, negotiation of lease terms, and possible viability assessments addressing refurbishments or modernisation. The inclusion of this requirement in policy and in Appendix 5 provides helpful clarification for applicants and assists in speeding up the process of determining planning applications.

***Is the approach towards locally important industrial land and business parks supported adequately by the evidence base, consistent with national policy and in general conformity with the London Plan?***

The London Plan supports the identification and management of locally significant industrial sites (policy 4.4, in London Plan, March 2016). Sufficient space is required to accommodate demand for waste management, transport facilities, wholesale, logistics, as well as for workspace suitable for SME's and for new and emerging industries and micro firms.

In June 2016 the Council undertook an Assessment of Light Industrial and Storage Stock (SD-037) across the borough. The report ascertains the extent and condition of the existing industrial areas and evaluates any potential for allocation, intensification and regeneration. The study considered whether Article 4 Directions be put in place, recommending this is kept under review, and protection of core industrial uses should be achieved through identifying the industrial sites within the Local Plan and preventing inappropriate change of use on these designated sites through the implementation of strict policies to protect and enhance the existing employment land. Later PBA through The Employment Sites & Premises Study (2017) Update revisited the assessment of employment sites and reviewed the newly allocated Industrial Sites and Key Office locations across the borough. They did not consider there were any designated industrial sites that should be released at the present time for other non-employment based uses. They confirmed that there is a considerable gap, and demand substantially exceeds supply.

Since publication of the 2016 Richmond Employment Sites and Premises (ES&P) report, two new evidence base documents have been released by the GLA. Both are relevant to the balance of employment land needed in the borough. The documents serve to re-enforce the need for the borough to very carefully manage its extremely low, pressured supply of employment land and property. This is especially the case for industrial land where both reports (ES&P and the GLA) suggest that additional land / floorspace is needed as opposed to further releases. The new GLA evidence endorses the borough's approach to managing its employment land portfolio, and especially the strong emphasis in retaining land and property in employment (industrial) uses. That is, even where sites are far from 'ideal' employment sites, because there is no portfolio in the borough to offset any losses (let alone gains) and limited (if any) scope for nearby boroughs to make up any Richmond shortfall. (Appendix A of the 2017 Update) Employment land and the generation of jobs plays an important role in delivering the objectives of the Local Plan and for achieving sustainable development. The NPPF (paragraphs 17, 18-22) require authorities to think strategically and identify suitable employment land. Since the introduction of permitted development rights, the Council has seen a huge loss in employment uses but has continued to adopt a proactive and protective policy approach. Policies under "Employment and Local Economy" in the Local Plan should be seen as a holistic approach to encouraging and protecting employment land uses in the borough.

**7. What robust evidence supports LP 43 and the provision of visitor attractions and accommodation? Is the approach aligned adequately with the London Plan?**

The tourist and visitor economy are important to London and to the borough, as recognised in the Cultural Partnership Strategy 2015-19. The [Richmond Borough Hotel Study \(2012\)](#) (PS-091), estimates a potential requirement of approximately 900 new bedrooms in the borough by 2026. Since that study, new accommodation includes a 78 bed hotel at Travelodge, Paradise Road (Richmond Central) completed in 2015, a 92 bed hotel at Premier Inn, Lower Mortlake Road, Richmond (London Richmond) completed in 2012, a 113 bed hotel at Travelodge, Park House, Station Road (London Teddington) completed in 2012, and 8 additional rooms in a hotel extension to the Premier Inn, Chertsey Road (Twickenham Stadium) completed in 2013. While difficult to formally monitor through the planning process, there appear to be short-term lets available through websites such as Airbnb which are popular, with 306 properties listed in the borough.

Research undertaken by the GLA has shown that there is a need for additional bedspaces to meet need in the borough and to contribute toward the regional target set out in the London Plan. Policy 4.5 seeks to achieve 40,000 net additional hotel bedrooms by 2036. Paragraph 4.26 does recognise that over this period London may 'mature' as a visitor destination leading to a reduction in historic growth rates, and states this trend will be monitored.

London Plan Policy 4.6 sets out support for and enhancement of arts, culture, sport and entertainment. London's Arcadia (the parks, gardens, historic buildings and landscape scenes covering the stretch of the Thames running from Teddington beneath Richmond Bridge to Kew - identified on Map 4.2 of the London Plan and covering the majority of the borough) is identified as a strategic cultural area. The London Plan Table 2.1 identifies Richmond as potential Outer London Development Centre for leisure, tourism, arts, culture and sports. Richmond & Twickenham are identified on Map 4.3 as a night time cluster of strategic importance.

The Council therefore considers the approach to the visitor economy and accommodation is based on robust evidence and aligns with the London Plan.