



New Local Plan Review  
Policy Formulation Report – October 2022  
Business uses



THE ROYAL BOROUGH OF  
KENSINGTON  
AND CHELSEA

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# 1 INTRODUCTION

## 1.1 New Local Plan Review

- 1.1.1 The Council is undertaking New Local Plan Review (NLPR) to ensure we have an up-to-date and fit-for-purpose Local Plan to guide the development of the Borough and reflect our values.
- 1.1.2 The purpose of this Policy Formulation Report (PFR) is to demonstrate how the following policies within Chapter 6 – Business have been developed and evidenced to a level of detail which cannot be included in the NLPR itself.
- 1.1.3 It includes the following policies:
- **BC1: Businesses**
  - **BC3: Affordable workspaces**

## 1.2 Existing Local Plan

- 1.2.1 This topic of the NLPR relates to the following policies within the Local Plan:

C02: Strategic Objective for Fostering Vitality

CF5: Business uses

- 1.2.2 The following policy considering business uses has been saved and will form part of the NLPR:
- CF6: Creative and Cultural Businesses
- 1.2.3 The remaining policies in the former Fostering Vitality chapter are considered in separate policy formulation reports for town centres and for hotels.

## 1.3 Key issues and policy drivers

- 1.3.1 The Council recognises that the NLPR must address how the Council will support its business sector and ensure that the objectively assessed need for business uses is to be met. This must reflect that we are in a post Covid-19 world when the nature of business floorspace needed may be changing. It is also a period where some of the tools we have had to try to protect office premises have been removed.
- 1.3.2 The Council is also driven by a recognition that it must try to meet the employment needs of a range of our residents and the need to provide for a range of “affordable premises”, or those which may not be provided by the conventional market.

## 2 LEGISLATION, POLICY AND GUIDANCE CONTEXT

### NATIONAL

#### NATIONAL PLANNING POLICY FRAMEWORK (NPPF)

- 2.1 A central strand of the NPPF is to achieve sustainable development. Paragraph 8 sets out the three strands, or overarching objectives, which must be addressed if sustainable development is to be achieved: the economic, the social and the environmental. The first, the economic is of direct relevance to business and employment uses.
- a. an economic objective – to help to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure;
- 2.2 Paragraph 11 refers to the need to apply a presumption in favour of sustainable development. For plan-making this means that, “plans should positively seek opportunities to meet the development needs of their area,” and should, “as a minimum, provide for objectively assessed needs for housing and other uses.”
- 2.3 Paragraph 20 considers strategic policies. These should set out an overall strategy for the pattern, scale and quality of development. Importantly paragraph 20 also states that “sufficient provision” must also be made for “employment, retail, leisure and other commercial development”
- 2.4 Paragraph 22 states that the strategic policies dealing with these issues, “should look ahead over a minimum 15 year period from adoption,” except in relation to town centre development. This is defined as those uses considered in section 7, which includes offices and other business uses.
- 2.5 Paragraph 23 states that, “strategic policies should provide a clear strategy for bringing sufficient land forward, and at a sufficient rate, to address objectively assessed need over the plan period.”
- 2.6 Section 6 of the NPPF is concerned with “building a strong competitive economy.” Paragraph 80 states that:

Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development. The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future. This is particularly important where Britain can

be a global leader in driving innovation, and in areas with high levels of productivity, which should be able to capitalise on their performance and potential.

2.7 Paragraph 81 sets out how planning policies should achieve this aim.

Planning policies should:

a) set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;

b) set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;

c) seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and

d) be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances;

2.8 Section 7, it titled “ensuring the vitality of town centres”. This is relevant insofar as business and office uses are considered to be “town centre” uses, and it reflects the role that offices can have in supporting the vitality and the viability of town centres.

2.9 Paragraph 86 sets out how planning policies should consider town centres. Parts (d) and (e) are relevant as consider the role that town centres can meet the need for a ranger of town centre uses over time.

d) allocate a range of suitable sites in town centres to meet the scale and type of development likely to be needed, looking at least ten years ahead. Meeting anticipated needs for retail, leisure, office and other main town centre uses over this period should not be compromised by limited site availability, so town centre boundaries should be kept under review where necessary;

e) where suitable and viable town centre sites are not available for main town centre uses, allocate appropriate edge of centre sites that are well connected to the town centre. If sufficient edge of centre sites cannot be identified, policies should explain how identified needs can be met in other accessible locations that are well connected to the town centre

2.10 Paragraph 86 considers the sequential test for the main town centre uses (offices included) and that:

Local planning authorities should apply a sequential test to planning applications for main town centre uses which are neither in an existing centre nor in accordance with an up-to-date plan. Main town centre uses should be located in town centres, then in edge of centre locations; and only if suitable sites are not available (or expected to become available within a reasonable period) should out of centre sites be considered.

2.11 Section 9 is concerned with “promoting sustainable transport.” Paragraph 104 states

that planning policies should seek to, “minimise the number and length of journeys needed for employment, shopping, leisure, education and other activities.

2.12 Paragraph 120 notes the need for policies to be,

informed by regular reviews of both land allocated for development in plans, and of land availability. Where the local planning authority considers there to be no reasonable prospect of an application coming forward for the use allocated in a plan: a) they should, as part of plan updates, reallocate the land for a more deliverable use that can help to address identified needs.

## NATIONAL PLANNING PRACTICE GUIDANCE (NPPG)

2.13 National Planning Practice Guidance (NPPG) on Economic Development Needs Assessments<sup>1</sup> and Economic Land Availability Assessment<sup>2</sup> offer guidance to support local planning authorities on assessing the need for economic development. It recognises that need can be both qualitative and quantitative in nature, (paragraph 2) and stresses the importance of a robust, yet proportionate, evidence base (paragraph 5).

2.14 The NPPG considers how to best consider whether a site should be allocated for a business use, noting that, “*this is essentially a judgement about the economic viability of the site and the capacity of the developer to compete and let or sell the development over a certain period*”.

2.15 NPPG on Town Centres and retail<sup>3</sup> states that local planning authorities should take a leading role in, “bringing together stakeholders and supporting sustainable economic and employment growth”. It supports a town centre first approach to all town centre uses. Whilst primarily the retail uses, these also include office and other business uses.

## REGIONAL

### THE LONDON PLAN

2.16 Chapter 6 of the London Plan sets out the policies by which the Mayor wishes to shape London’s economy. There are two main objectives: to ensure that London is a city that meets the challenges of economic and population growth; and that London remains an internationally competitive and successful city.

2.17 Policy E1 Offices supports the provision of new offices. It refers to Kensington and Chelsea as a, “nationally significant office location” where “unique agglomerations and dynamic clusters of world city businesses, should be developed and promoted.” It goes on to note that boroughs such as Kensington and Chelsea should, “introduce Article 4 Directions to ensure...[they] are not undermined by office to residential permitted development rights.

2.18 Paragraph 6.1.7 considers “surplus office space”. It sets out the evidence that might

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<sup>1</sup> NPPG: Housing and Economic Development Needs Assessments, MHCLG, 2019

<sup>2</sup> NPPG: Housing and Economic Land Availability Assessment, MHCLG, 2019

<sup>3</sup> NPPG: Ensuring the Vitality of Town Centres, MHCLG, September 2020

be used in a local development plan document to demonstrate that this space is surplus. This includes

Evidence to demonstrate surplus office space should include strategic and local assessments of demand and supply, and evidence of vacancy and marketing (at market rates suitable for the type, use and size for at least 12 months, or greater if required by a local Development Plan Document). This evidence should be used to inform viability assessments.

- 2.19 Policy E2 is concerned with the provision of suitable business space. It supports the provision of new space and resists its loss unless it can be demonstrated that it is no longer needed.

A: Boroughs should include policies in local Development Plan Documents that support the provision, and where appropriate, protection of a range of B Use Class business space, in terms of type, use and size, at an appropriate range of rents, to meet the needs of micro, small and medium-sized enterprises and to support firms wishing to start-up or expand.

B Development of B Use Class business uses should ensure that the space is fit for purpose having regard to the type and use of the space.

C Development proposals that involve the loss of existing B Use Class business space (including creative and artists' workspace) in areas identified in a local Development Plan Document where there is a shortage of lower-cost space or workspace of particular types, uses or sizes, should:

1) demonstrate that there is no reasonable prospect of the site being used for business purposes, or

2) ensure that an equivalent amount of B Use Class business space is re-provided in the proposal which is appropriate in terms of type, use and size, incorporating existing businesses where possible, and include affordable workspace where appropriate

D Development proposals for new B Use Class business floorspace greater than 2,500 sq.m. (gross external area), or a locally determined lower threshold in a local Development Plan Document, should consider the scope to provide a proportion of flexible workspace or smaller units suitable for micro, small and medium-sized enterprises

- 2.20 Policy E3 is concerned with the provision of affordable workspace. Where there is "*local evidence of need and viability*" boroughs should "*consider detailed affordable workspace policies.*" This policy defines affordable workspace as that which is, "at rents maintained below the market rate of that space for specific social, cultural and community organisations or social enterprises." It includes a list of possible organisation

- 2.21 Part B states that

Consideration should be given to the need for affordable workspace:

- 1) where there is affordable workspace on-site currently, or has been at any time since 1 December 2017, except where it is demonstrated that the affordable workspace has been provided on a temporary basis pending redevelopment of the site
- 2) in areas identified in a local Development Plan Document where cost pressures could lead to the loss of affordable or low-cost workspace for micro, small and medium-sized enterprises (such as in the City Fringe around the CAZ and in Creative Enterprise Zones)
- 3) in locations identified in a local Development Plan Document where the provision of affordable workspace would be necessary or desirable to sustain a mix of business or cultural uses which contribute to the character of an area.

2.22 Policy E4 is concerned with land for industry, stating that, “a sufficient supply of land and premises...to meet current and future demands for industrial and related functions should be provided and maintained”.

2.23 It sets out the three categories of land for industry; “Strategic Industrial Locations”, “Locally Significant Industrial Sites” and “Non-Designated Industrial Sites.” Kensington and Chelsea does not contain any SIL or LSIS. As such any of its limited industrial land is “non-designated”.

2.24 The policy allows the release of industrial land but notes that this should be, “planned, monitored and managed”, having regard to long term vacancy.

2.25 Part C of Policy E7 is concerned with mixed use or residential proposals on Non-designated Industrial sites. This states that this should only be supported where:

- 1) there is no reasonable prospect of the site being used for the industrial and related purposes set out in Part A of Policy E4 Land for industry, logistics and services to support London’s economic function; or
- 2) it has been allocated in an adopted Local Development Plan Document for residential or mixed-use development; or
- 3) industrial, storage or distribution floorspace is provided as part of mixed-use intensification (see also Part C of Policy E2 Providing suitable business space).

2.26 Policy E8 is concerned with sector growth opportunities and clusters. Those parts which are directly relevant to Kensington and Chelsea are set out below:

A Employment opportunities for Londoners across a diverse range of sectors should be promoted and supported along with support for the development of business growth and sector-specific opportunities.

B London’s global leadership in tech across all sectors should be maximised.

C The evolution of London’s diverse sectors should be supported, ensuring the availability of suitable workspaces including:

- 1) start-up, incubation and accelerator space for micro, small and medium-sized enterprises
- 2) flexible workspace such as co-working space and serviced offices
- 3) conventional space for expanding businesses to grow or move on
- 4) laboratory space and theatre, television and film studio capacity
- 5) affordable workspace in defined circumstances

D Innovation, including London's role as a location for research and development should be supported, and collaboration between businesses, higher education providers and other relevant research and innovation organisations should be encouraged.

E London's higher and further education providers and their development across all parts of London should be promoted. Their integration into regeneration and development opportunities to support social mobility and the growth of emerging sectors should be encouraged.

G Boroughs are encouraged to identify and support the growth of sustainably-located employment clusters in inner and outer London.

## NEIGHBOURHOOD

### ST QUINTIN AND WOODLANDS NEIGHBOURHOOD PLAN

- 2.27 The St Quintin and Woodlands Neighbourhood Plan forms part of the development plan for the St Quintin and Woodlands area. It contains policies which relate to uses within the Freston/Latimer Road Employment Zone north of the Westway.

LR1) To allow residential use of upper floors in redeveloped B class buildings at Units 1-14 Latimer Road, provided that the ground (and any mezzanine floor) remains in commercial use.

LR2) To allow A1/A2/A3, A4, D1 and D2 class uses, along with any B class use other than B2 and B8 (over 500 sq. m) within Latimer Road, where such uses contribute to the vitality of the street and to the wider neighbourhood area.

LR3) To encourage building uses which support the creative and cultural industries, and which contribute to the Royal Borough's policies on Cultural Placemaking and RBKC Core Strategy Policy CR6.

LR4) In the context of mixed use policies for Latimer Road, to encourage uses which will increase employee numbers on site (as opposed to warehousing and storage) within the full range of A, B and D class uses.

## LOCAL

### EXISTING LOCAL PLAN POLICY

- 2.28 Policy CV1 sets out the vision for the Borough. With regard to business uses it states:

Jobs will be readily available across the borough as a range of new businesses have been allowed to grow and to thrive. The employment zones will have been enhanced with new and improved employment floorspace and some supporting residential development providing a mix of uses and thriving centres for small businesses and the cultural and creative industries sector.

- 2.29 Policy CP1 sets out the quanta of different types of development which the Council will seek to achieve. This includes 47,100 sq m of office floorspace to 2028.
- 2.30 Paragraph 19.3.41 recognises that as a “town centre use” offices are subject to some of the tests for town centres. This are considered in the policy formulation report relating to town centres.
- 2.31 The Council wishes to meet the objectively assessed need for new office floorspace within the plan period. As a ‘town centre use’, offices are subject to the requirements of the NPPF. The Council, therefore, seeks to direct new large office (>1,000 sq m) premises to town centre locations, to edge of centre sites, to other accessible areas or to the Employment Zones. This will assist in the provision of the range of premises needed, support the continued vitality of the borough’s town centres and ensure that as many people as possible can reach these areas without having to rely on the private car.
- 2.32 Local Plan Policy CF5 sets out this central aim – or to “ensure that there is a range of business premises within the borough to allow businesses to grow and thrive.” It sets out how the Council intends to achieve this for offices, for industrial and warehouse uses and within the Employment Zones.
- 2.33 There is a strong presumption against the loss of any office floorspace anywhere within the borough, and general support for new offices, subject to the sequential test.

a. protect offices and office floorspace throughout the borough, except where:

- i. the office is within an Employment Zone and is being replaced by a light industrial use, workshop or other use which supports the character and function of the zone;
- ii. the office is within a town centre and is being replaced by a shop or shop floorspace, by a social and community use which predominantly serves, or which provides significant benefits to, borough residents; or by another (not residential) town centre use where this allows the expansion of an adjoining premises;

- b. permit very small, small and medium-sized offices anywhere in the borough save for ground floor level of town centres;
- c. require new large scale office development to be located within a town centre, other accessible areas or within an Employment Zone unless the development would meet the requirements of the sequential test and not have a detrimental impact on traffic generation in the area;
- d. require all new business floorspace over 100sq.m to be flexible, capable of accommodating a range of unit sizes;

2.34 With regard to industrial and warehouse uses:

- e. protect all general and light industrial uses and warehousing throughout the borough unless where the loss is to an alternative B Class business use;
- f. protect vehicle repair garages and MOT centres throughout the borough;
- g. require new light industrial uses to be located within Employment Zones, predominantly commercial mews and other areas where amenity is not harmed;
- h. require the provision of a mix of unit sizes suitable for the creative and cultural businesses, as appropriate;

2.35 For development within the Employment Zones:

- i. require there be no net loss of business floorspace unless to uses which support the function of the zone;
- j. support A class and other town centres uses where they help support the business function of the Employment Zones;
- k. resist residential uses including for student housing or any form of living accommodation, unless the use can be shown to be necessary to support a significant uplift in both the quantity and the quality of the business use on the site;
- l. promote employment zones as centres for innovation, locations for large and small businesses and for workshops (whether stand alone or part of large business centres).

2.36 The Council supports the creative and cultural businesses. This is explicitly recognised by Policy CF6 which states:

**Policy CF6: Creative and Cultural Businesses**

The Council will promote and protect the work-spaces need to support the creative

and cultural industries across the borough.

## SUMMARY

Date	Document	Organisation
June 2019	<a href="#">National Planning Policy Framework</a> Paragraphs 8,11, 20, 22, 23, 80, 81, 86 and 120.	MHCLG
September 2020	National Planning Practice Guidance (NPPG): Economic Development Needs Assessments, Economic Land Availability Assessment and Town Centre and Retail	MHCLG
Mar 2021	<a href="#">The London Plan</a> Policies E1, E2, E3, E7 and E8.	Mayor of London
July 2018	<a href="#">St Quintin and Woodlands Neighbourhood Plan</a> Policies LR1, LR2, LR3 and LR4.	St Quintin and Woodlands Neighbourhood Forum

### 3 EVIDENCE BASE

- 3.1 Icen Projects have prepared an [Employment Land Study](#) on behalf of the Council to help inform the NLPR.
- 3.2 This notes that the borough operates within the western fringe office sub-market within the wider London Functional Economic Market Area.
- 3.3 The ELS considers the nature of the borough's business market. Whilst not strategic in nature, in the way that the Isle of Dogs is, it is significant, employing an estimated 42,500 people, the largest sectors being in the financial and business service and the government service sectors.
- 3.4 The ELS estimates that there are just under 15,600 registered businesses within the borough, and 90% of these are classed as "micro" in nature, or employing less than 10 people. 69% of office hereditaments are less than 100 sq m in size, but in terms of floorspace, 32% is in hereditaments of between 100 and 500 sq m. It estimates that there is approximately 470,000 sq m of office floorspace within the borough, a growth of 4.7% in the last 20 years.
- 3.5 The borough has a particular strength in the fashion, publishing and music industries, being home to major record labels as well as over 400 associated independent studios and production facilities.
- 3.6 Offices are spread widely across the borough, with particular concentrations in the boroughs larger town centres and within the three Employment Zones.
- 3.7 The stock of offices is varied, but a high percentage of older stock suggests that the borough tends to have a more traditional and perhaps boutique office stock than other parts of London.
- 3.8 The office sector is vibrant office sector, with very low (pre covid-19) vacancy rates of just 2.2%. These have risen to 5.9%, but are expected to drop later in 2023. By the same token market rents expected to rebound post-covid, with high levels of investor confidence with investment yields at 4.2%. The health of the office market is not just associated in primary areas, but remains robust across the borough.

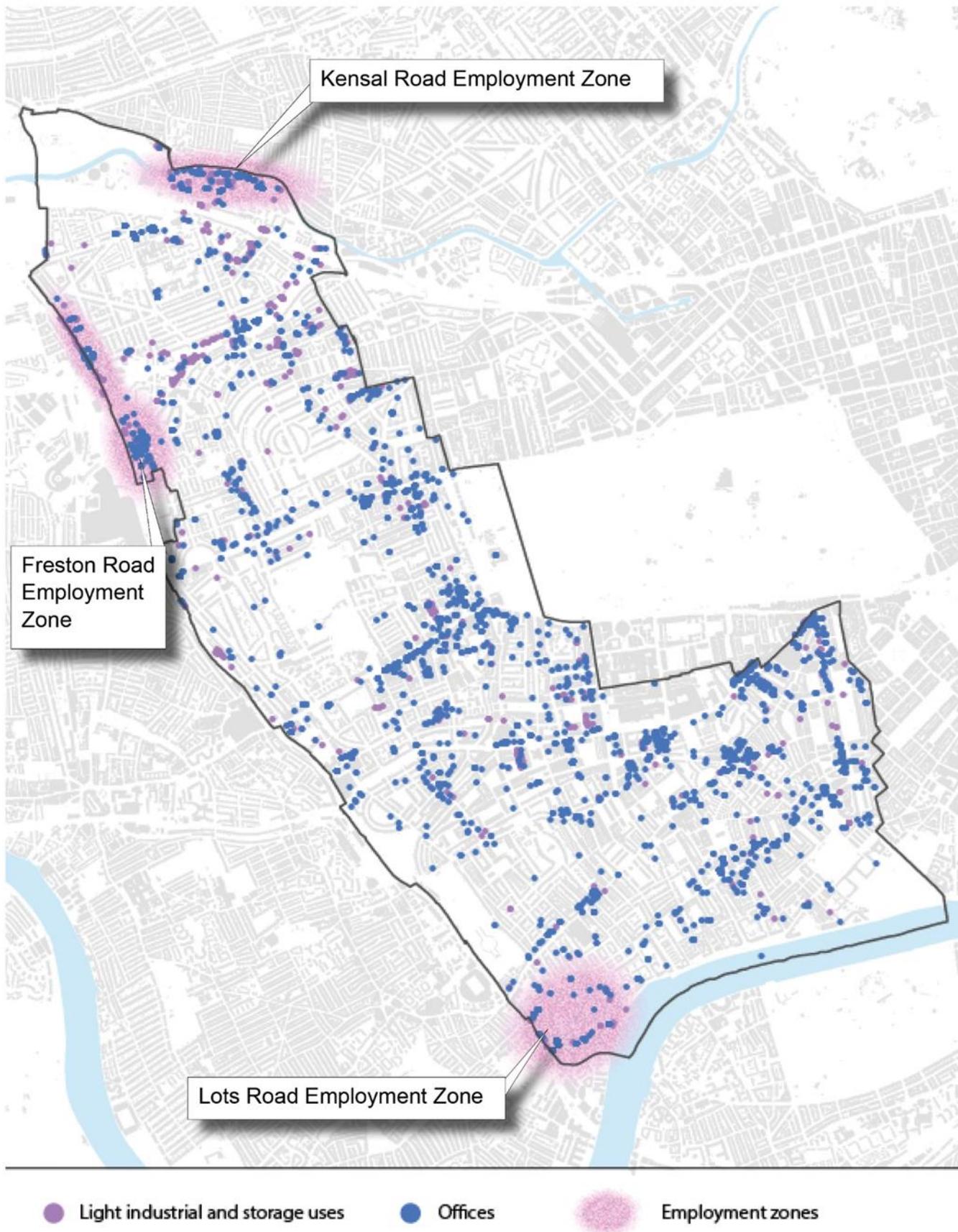
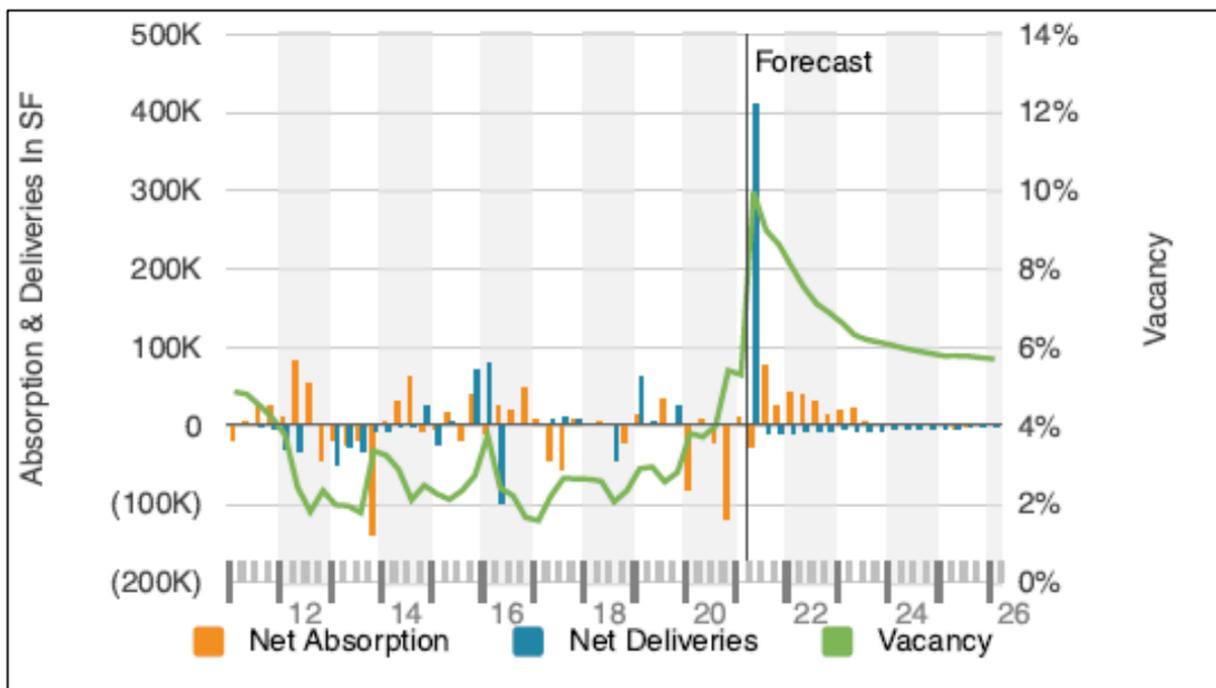


Figure 3.1: Distribution of business uses, source VOA.

Figure 5.4: Net absorption, net deliveries and vacancies



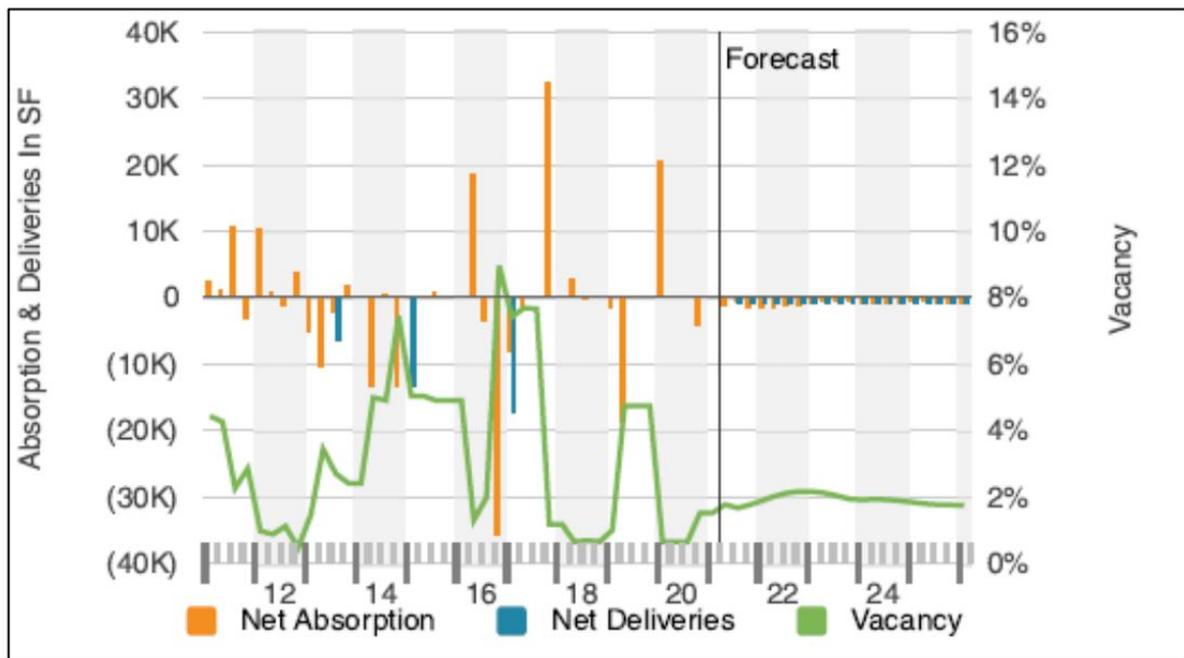
Source: CoStar

Figure 3.2: net absorption, net deliveries and vacancies of offices

### Industrial uses

- 3.9 Industrial floorspace within the borough is an estimated 94,000 sq m (2020.) It is an aging stock.
- 3.10 The industrial sector tends to be small in scale with 76% of industrial hereditaments being less than 100 sq m. Just 1% of industrial hereditaments are larger than 1,500 sq m.
- 3.11 The industrial sector is characterised by low vacancy rates, just 1,5% in June 2021. Market rents are relatively high at £29.89 per square foot (June 2021) and forecast to grow. Investments yields are at a level which suggest investor confidence in the sector.

Figure 5.8: Net absorption, net deliveries and vacancies



Source: Costar

Figure 3.3: net absorption, net deliveries and vacancies of industrial uses

3.12 A key part of the ELS is consideration of future need, and this relates to future supply. It does this for both office and for industrial uses.

#### Offices

3.13 *“Based on employment forecasts, the office requirements for the Borough to 2043 is 86,400 sqm. A sensitivity that assumes a 30% reduction in typical floorspace occupancy would require 60,500 sqm. Average net completions indicates a slight negative trends whereas gross completions projected forward equate to 113,000 sqm, higher than the labour demand model.*

3.14 *“There is some uncertainty on future office usage patterns given the current pandemic and need to forecast a long term outlook. On balance it is recommended that a net increase of 60,500 sqm should be used for planning policy requirements but the market conditions should be revisited in the near term as the market stabilises post pandemic to test if a higher figure of 85,400 sqm is more appropriate. Much of the 64,000 sqm is already in the pipeline based on LDD extant permission and RBKC 2020/21 permissions however there is no certainty that this floorspace will be brought forward, furthermore losses can be expected if past trends are an indicator.”*

3.15 The ELS has identified a development pipeline for office floorspace of 64,100 sq m. This does not include the business allocation for the Kensal or the Earl’s Court OA. Although does include a 11,630 sqm permission within the latter.

3.16 The ELS recommends taking four routes to achieve the required level of office space.

- *“Retention of office space. Given historic and ongoing low levels of vacancy alongside rising rents and forecast job growth, there is a need to retain the existing stock alongside bringing new stock to the market. Given that much of the existing stock is older, the refurbishment and/or reprovision of stock should be encouraged when viable”*
- *“Existing commitments – these make up much of the future need and should be encouraged to be brought forward considering the positive outlook for office based employment in the Borough.”*
- *“intensification of existing sites – mixed use and redevelopments have been the primary contributor to office supply in recent years and this should continue to be encouraged.*
- *“Filling of vacancies – the vacancy rate remains relatively low at below 6% even if it is above the historic average. It remains within an optimum range and is unlikely to exceed 10% by CoStar modelling. On this basis filling vacancy is unlikely to play a substantial role in meeting future needs. However, given uncertainty at the present time (summer 2021) in the medium term outlook for office demand, this should be monitored.*

### **Industrial uses**

3.17 *“Based on employment forecasts and some further space to support an increase in the low vacancy rate, the industrial requirement is recommended as 9,000 sqm. However it is ambitious in policy and market terms to expect increases in stock due to viability compared with other uses however where possible this should be encouraged. Redevelopment of existing sites for non-industrial space should be resisted. The industrial needs for RBKC will most realistically be met in the London wide FEMA preferably in strategic reserves such as Park Royal.”*

### **Viability of business space**

3.18 The ELS concludes that, *“viability modelling results indicate that redevelopment of existing industrial and office floorspace will be viable where existing floorspace is limited to 25% to 50% of proposed floorspace. Where there is a more limited uplift in floorspace (i.e. where existing space equates to 75% or more of new space), redevelopment is only viable in higher value areas and particularly where an element of residential is incorporated.”*

3.19 *Across the Borough as a whole, employment floorspace achieves high levels of occupancy, typically well above 90% and above Greater London averages. At the present time, occupancy levels across the Borough and in the three EZs do not warrant any releases of employment land for other uses and indicate that the Council should continue to promote these as locations for a concentration of business activity. Occupancy trends are clearly somewhat volatile at the current time due to the impact of the Coronavirus pandemic, but these should settle to reflect medium and long terms trends over the coming months.”*

- 3.20 *At Lots Road there is a unique sector offer. Loss of commercial space should be restricted. Further residential integration is unlikely to harm the employment offer as long as commercial floorspace levels are maintained. Therefore it is recommended to maintain the existing space – or increase it – alongside residential provision.*
- 3.21 *Increased residential in the Freston Road area is unlikely to harm the industrial offer given the nature of uses as long as existing floorspace is not diluted in function or quantum, therefore it is recommended to maintain the existing space – or increase it – alongside residential provision. Residential on the west side of Latimer Road is more likely to conflict with and dilute the uses and preserving this employment activity is recommended without increasing residential.*
- 3.22 *The north side of Kensal Road has already seen the introduction of volumes of residential most notably at upper floors. Increases in residential are unlikely to harm the character as long as loss of commercial space is resisted and as long as existing floorspace is not diluted in function or quantum – therefore as above it is recommended to maintain the existing space – or increase it – alongside residential provision. Intensification should be encouraged to maximise employment space.*
- 3.23 *Where redevelopments occur, Agent of Change principles should be applied to workspace functions. However the preservation and increase of workspace should be the priority given the reported and anticipated demand for studio and light industrial premises in the Borough.*

### **Affordable workspace**

- 3.24 *With regard the provision of affordable workspace, The ELS concludes that, “viability modelling indicates that in all areas except Zones F (North Kensington) and H (Kensal Strategic Site), developments would be able to absorb a 10% affordable workspace requirement of up to and including 50% discount to market rent. In Zones F and H, a 50% discount to market rent could be sustained for a 20 year period, but not in perpetuity. Alternatively, a discount of 25% to market rent could be provided in perpetuity.”*
- 3.25 *“Provision of 20% of floorspace would be viable in most cases over a 15 to 20 year period. However, there would be many instances when the change in residual land value arising from a discount in perpetuity would be too significant for the impact to be absorbed across all areas.”*
- 3.26 *“Provision of affordable workspace is vital to assist in maintaining a diversity of businesses and employment opportunities in the Borough. In the absence of lower rental business space, businesses in the Borough will increasingly coalesce around financial services and similar high value businesses.”*
- 3.27 *“There is clearly a role for planning policy in terms of protecting existing lower rent workspace to prevent its loss to other higher value uses (i.e. primarily residential). Given that it is unlikely that a policy seeking 10% affordable workspace in new developments could meet unmet need arising from large scale losses of space to other uses, an article four direction preventing such losses would be invaluable.”*

## 4 OPTIONS, CONSULTATION AND INTEGRATED IMPACT ASSESSMENT (IIA)

- 4.1 Alternative options were consulted on as part of the borough Issues (September 2020) and Issues and Options (July 2021) consultation documents. The Consultation Schedules and Consultation Summaries for these are set out in the Consultation Statement published alongside the Regulation 19 Publication Policies (September 2022) consultation document. Consultation responses have been reviewed and used to inform the development of, and modification to, the draft NLPR Policies.
- 4.2 A breakdown of the public consultations undertaken by RBKC to inform the production of the NLPR is set out in the table below.

Public Consultation	Timeframe
Borough Issues Consultation	29 September – 10 November 2020
Issues and Options Consultation	26 July – 4 October 2021
Regulation 18 Draft Policies	9 February – 23 March 2022
Regulation 19 Publication	October 2022

*Figure 4.1: RBKC NLPR Consultation Timeline.*

- 4.3 The options considered through the consultations and within the Integrated Impact Assessment (IIA) are summarised below.
- 4.4 The Council has considered the options particularly in light of the ‘tests of soundness’ which are set out in the NPPF:

- **Positively prepared** – providing a strategy which, as a minimum, seeks to meet the area’s objectively assessed needs<sup>21</sup>; and is informed by agreements with other authorities, so that unmet need from neighbouring areas is accommodated where it is practical to do so and is consistent with achieving sustainable development;
- **Justified** – an appropriate strategy, taking into account the reasonable alternative, and based on proportionate evidence;
- **Effective** – deliverable over the plan period, and based on effective joint working on cross-boundary strategic matters that have been dealt with rather than deferred, as evidenced by the statement of common ground; and
- **Consistent with national policy** – enabling the delivery of sustainable development in accordance with the policies in this Framework and other statements of national planning policy, where relevant.

<sup>21</sup> Where this relates to housing, such needs should be assessed using a clear and justified method, as set out in paragraph 61 of this Framework.

## THE PROVISION OF OFFICES

4.5 The options and alternatives considered are:

Option	Status	Reason
<p>1 The Council should continue its presumption against the loss of any business floorspace, where planning permission is required, unless there is evidence that there is no long term future for that use.</p>	<p>Preferred option</p>	<p>The ELS has identified an OAN for office uses over the lifetime of the plan of 60,500 sq m. This includes a reduction associated with the post covid-19 re-structuring. The Council wished to meet this need to ensure that the borough continues to benefit from these uses.</p> <p>The ELS notes that the council should take a number of approaches if it is to meet this need. Central to this is the need to protect the office floorspace that we have. The importance of the retention of offices was accepted by DLUHC when issuing a direction to amend the Borough’s class MA A4D.</p> <p>The Council notes that there may be circumstances where the loss of some business floorspace may be acceptable, but these circumstance can be considered on a case by case basis. All planning decisions will be made on the basis of all the policies within the development plan and other relevant material planning considerations.</p> <p>Whilst the NPPF stresses the importance of the delivery of new housing, it does not preclude the protection of business accommodation. To the contrary it requires that, “sufficient provision” must also be made for</p>

			<p>“employment, retail, leisure and other commercial development”. Protection of existing floorspace, where planning permission is required is essential of the OAN is to be met.</p> <p>The Council recognises that planning permission is not required for changes of use within the E class. The policy would reflect this.</p>
2	Release offices in certain locations	Rejected alternative	<p>As noted above the ELS recommends protecting offices across the borough. However, the DLUHC direction does remove a small number of areas from the A4D. In these cases, the Council does recognise that planning permission will not be required for the loss of an office. However, where planning permission is required, offices will be protected, subject to other material considerations.</p>
3	Allow the loss of offices to certain “valued uses” such as social and community uses or to RBKC community housing.	Part preferred/ part Reasonable alternative	<p>The Council recognises that there are a range of used value by the local community. These may include places to work, traditional social and community uses or affordable housing. These are all uses which are less valuable than market homes. There is an opportunity to take a less restrictive approach to the loss of offices of one of these alternative uses is provided.</p> <p>The creation of the wide class E commercial, business and service use does mean that planning permission may no longer be needed for the E class office to be used as a shop or a social and</p>

			<p>community use. However, the submission policy does go further and does allow the loss of an office use to a social and community use even when planning permission is required.</p> <p>The Council does, however, remain of the view that it would rather protect the office floorspace that it has even where the replacement use would be for affordable housing. This recognises that the provision of affordable housing alone is unlikely to be viable unless associated with a higher value use. It also reflects the value that the Council places upon the need to accommodate its OAN for office floorspace. The retention of existing offices is essential if this is to be achieved.</p>
4	<p>The Council should allow the loss of business floorspace to residential when lying within otherwise residential buildings.</p>	<p><b>Rejected alternative</b></p>	<p>The Council recognises that the loss of offices to another Class E commercial use is not development which requires development.</p> <p>However, planning permission is still required for a change of use to residential where the LPA has the necessary Article 4 direction in place. The Council's A4D does cover most an estimated 96% of all E class premises. Those offices which are not covered by the A4D are likely to be those in otherwise residential areas.</p> <p>Small offices of a type which may be located within an</p>

			<p>otherwise residential building are seen as a valuable resource. Their loss would be regrettable, and run counter to the national policy desire to maintain the premises necessary for a diverse business sector.</p> <p>In addition there is no reason to believe that a business use will be inherently unsuitable in an otherwise residential location. The juxtaposition of residential and business uses is a successful model across the capital and contributes to the borough's character.</p>
	The Council should allow the loss of offices to residential in our town centres	Rejected alternative	<p>Whilst residential uses may be suitable within a town centre, a presumption in favour of the loss of offices to residential would result in the harm to the vitality of our town centres. As a town centre use offices benefit from highly accessible town centre locations. They also have a symbiotic relationship with centres, attracting footfall and contributing to their vitality.</p>
6	The Council should never support the loss of any office use in any circumstances.	Rejected alternative	<p>The Council recognises that the loss of offices to another Class E commercial use is not development which requires development. As such it is not possible, even were the Council to wish to do so, to resist the loss of offices in all circumstances.</p> <p>Planning permission will be required in all other circumstances. Any decision should be based on the policies in the Plan but also any other relevant material planning consideration. As</p>

such a policy which states that the loss of offices will never be appropriate would not be helpful.

In addition the Council does welcome the change of use of an office to a social and community use, for the reasons set out above.

## RESIDENTIAL USES WITHIN EMPLOYMENT ZONES

4.6 The options and alternatives considered are:

Option	Status	Reason
1	Part preferred/ part reasonable alternative	<p>The Council recognises the value that residential uses can have within Employment Zones. The increase in value can help unlock development and bring forward new business use which may not have been forthcoming. As such this proposal will be effective and be positively prepared. A caveat is necessary to ensure that the commercial function of these areas are not undermined.</p> <p>However, the Council does recognise the particular concerns of the St Quintin and Woodland's Neighbourhood Forum, and that development within the Employment Zone which requires an increase in commercial floorspace may lead to over development of the site. This is partially as a result of the more marginal viability of additional commercial floorspace in this location. As such whilst the NLPR generally requires an uplift in commercial floorspace, associated with residential floorspace, across our Employment Zones, there is an exception for those parts of the Latimer/Freston Road Employment Zone which also lie within the SQW Neighbourhood Plan area.</p>

Option	Status	Reason
<p>2 The Council should treat applications within Employment Zones like any others in the Borough. Existing office floorspace will be protected, but there should be no requirement to bring any additional floorspace forward.</p>	<p>Part preferred/ part reasonable alternative</p>	<p>In the current market conditions very little additional business floorspace is likely to come forward unless required to by policy. This would hinder the Council's ability to see any of the need for additional floorspace being met over the lifetime of the plan. As such the policy will provide ineffective in meeting the Council's ambitions.</p> <p>However, such an approach would be helpful in allowing the Council to deliver the additional homes on a number of sites which are likely to have the capacity to deliver new homes.</p> <p>It is the approach taken for properties which lie within those part of the Freston/ Latimer Road Employment Zone which also lie within the SQW Neighbourhood Plan area.</p>

## LIGHT INDUSTRIAL USES

4.7 The options and alternatives considered are:

Option	Status	Reason
<p>1 Promote the provision of new light industrial floorspace as part of larger commercial developments</p>	<p>Preferred alternative</p>	<p>Light industrial uses are a valued use which meet a particular need. As such it is appropriate to promote such uses on larger sites. However, given that they are “lower value” than office uses a requirement to provide light industrial uses as part of a mixed use scheme may jeopardise its deliverability. As such it is appropriate to promote the provision of light industrial uses rather require it.</p>
<p>2 Protect the loss of maker spaces and other light industrial uses to residential.</p>	<p>Preferred alternative</p>	<p>As an E class use an Article 4 direction will be required if the Council is to be able to require planning permission for the change of use of a light industrial use to residential. Whilst this approach would not protect changes of use to other E class uses it will allow the council to resist changes of use to residential uses – the use which is usually of the highest value. This would assist the Council in its desire to meet its objectively assessed need for commercial and business uses.</p> <p>It should also be noted that the Council is satisfied that it does have a five year supply for housing. This is material when considering the balance that the LKP should take between housing and the protection other uses.</p>

Option	Status	Reason
3 Resist the loss of light industrial uses in all circumstances.	Rejected alternative	We recognise that a change of use of one Class E use to another is not development which requires planning permission. It is beyond the planning system to resist the loss of light industrial uses. As such this alternative is not realistic.

### AFFORDABLE WORKSPACES

4.8 The options and alternatives considered are:

Option	Status	Reason
<p>1 Affordable workspaces should be provided as part of the new larger scale schemes</p>	<p>Preferred alternative</p>	<p>There is an established need for affordable workspaces in the borough. This is confirmed by the Employment Land Study (2021)</p> <p>The ELS has considered the impact that the provision of affordable workspace will have upon the over all viability of a scheme. It concludes that across most of the borough developments would be able to absorb a 10% affordable workspace requirement up to and including 50% discount rent, in perpetuity. In the north of the borough (including the Kensal strategic site this level of discount could only be sustained for a 20 year period.</p> <p>This assessment considers the gross floorspace being provided and not merely the net increase.</p> <p>This assessment also concludes that such a level of AWS will be viable for modest office schemes as well as larger.</p> <p>The Policy sets a 5,000 sq m threshold as the council wishes to see any AWS being on site and in kind and not merely a financial contribution. A space with a floor area of 500 sq m of a scale that can operate successfully on its own.</p>

Option	Status	Reason
2	The provision of a range of workspaces in large commercial development should be supported but there be no requirement for formally discounted space.	<p><b>Rejected alternative</b></p> <p>The Employment Land Study considers that there is a need for AWS across the borough and that the provision of such floorspace (at the level proposed by the policy) will not jeopardise the viability of a scheme.</p>

## PROPOSALS MAP

- 4.9 Very modest changes to the boundary of the Kensal Employment Zone has been included on the Proposals Map. This reflects that fact that a primarily residential part of the Employment Zone has been excluded from the borough's Article 4 Direction otherwise removing the liberalisation offered by part MA of the GPDO.

## 5 PUBLICATION POLICIES

5.1 Following consideration of the other options presented above, consultation and reasonable alternatives, the Council has finalised the following policies:

### **BC1: Business uses**

#### **Protecting existing Office space**

- A. Where planning permission is required, protect all offices and office floorspace, except where:
1. within an Employment Zone and being replaced by a use which supports the commercial character and function of the zone;
  2. within a town centre and being replaced by an alternative (non-residential) town centre use; or
  3. the office is being replaced by a social and community use.

#### **Locations for New office space**

- B. Permit small and medium sized offices anywhere in the Borough.
- C. Require new large scale offices to be located within a town centre, other accessible areas, Opportunity Areas or within an Employment Zone, unless the development would meet the requirements of the sequential test.
- D. New offices will be supported within the town centres where they contribute to the character, function and viability of that centre.
- E. Require new offices within a town centre to create an active frontage.
- F. New large scale offices outside of existing town centres will be subject to an impact assessment.

#### **Industrial and Warehouse uses**

- G. Where planning permission is required, protect:
1. industrial uses;
  2. storage and distribution uses unless to an office Class E(c) or light industrial Class (E(g) use; and
  3. vehicle repair garages and MOT centres.

- H. Intensification of existing and new industrial uses are supported within Employment Zones, the Opportunity Areas and other areas where it can be demonstrated that residential living conditions are not harmed.

### **Employment Zones**

- I. Promote Employment Zones as:
  - 1) centres for innovation, locations for large and small businesses and workshops,
  - 2) places for other town centres uses, where such uses contribute to the vitality of the zone and to the wider area.
- J. In the Kensal, Lots Road and those parts of the Freston/Latimer Road Employment Zone which lie south of the Westway: support the creation of residential floorspace where it is shown to bring a significant uplift in both the quantity and the quality of the business uses on site.
- K. In the Freston/Latimer Road Employment Zone north of the Westway: support the creation of residential floorspace where the existing commercial floorspace is retained or re-provided and where its quality is improved.
- L. All development within the Employment Zone must comply with the agent of change principle.

### **BC3: Affordable Workspace**

#### **A. The Opportunity Areas**

1. Earl's Court Opportunity Area – A minimum of 10 per cent of the E(g) business floorspace on the site to be affordable workspace, with an upper limit subject to an assessment of need. This affordable workspace must be provided at a capped rate of at least 50 per cent less than the prevailing market rate for comparable premises in perpetuity.
2. Kensal Canalside Opportunity Area – A minimum of 500 sq m of affordable workspace, or a minimum of 10 per cent of any E(g) business floorspace provided on the Opportunity Area, if more than 5,000 sq m of E(g) floorspace is provided. This affordable workspace must be provided at a capped rate of at least 50 per cent less than the prevailing market rate for a period of at least 20 years.

#### **B. For all other sites, new developments that provide an uplift of more than 5,000 sq m (GIA) of Class E(g) business floorspace must provide affordable workspace, equating to a minimum of 10 per cent of the additional employment floorspace (GIA).**

1. For development in CIL charging zones F and H shown in Figure 6.3, this affordable workspace must be provided at a capped rate of at least 50 per cent less than the prevailing market rate for comparable premises for a period of at least 20 years;
2. For development in all other locations this affordable workspace must be provided at a capped rate of at least 50 per cent less than the prevailing market rate for comparable premises in perpetuity.

#### **C. New affordable workspace must be provided on site.**

## 6 DUTY TO COOPERATE AND STRATEGIC ISSUES

- 6.1 The legal obligation of the ‘duty to cooperate’ requires the Council to “engage constructively, actively and on an ongoing basis” and have “regard to activities” (i.e. strategies, plans, policies) of other bodies in the preparation of Local Plans “so far as relating to a strategic matter”. This includes “considering whether to consult on and prepare... agreements or joint approaches”<sup>4</sup>.
- 6.2 A “strategic matter” relates to “sustainable development or use of land that has or would have a significant impact on at least two planning areas, including (in particular)... in connection with infrastructure that is strategic”<sup>5</sup>. Strategic matters are further defined in paragraph 156 of the NPPF<sup>6</sup> and paragraph 013 of the NPPG on the duty to cooperate<sup>7</sup>.
- 6.3 Figure 6.1 shows the actions the actions the Council has taken with regard to the duty and the relevant prescribed bodies. This will be updated as and when appropriate.
- 6.4 The Council has prepared a statement ground which sets out where we are in agreement with neighbouring authorities. This will be amended as and when appropriate.

Prescribed bodies / LPAs <sup>8</sup>	Action(s)	Date(s)
All	The Council has had regard to all relevant strategies, plans and policies of the relevant prescribed bodies in preparing the policies – as set out in Legislation, Policy and Guidance sections of Policy Formulation Reports (PFRs)	Ongoing
All	New Local Plan Review Issues	Sept- Nov 2020
Mayor of London	Liaison meeting with GLA officers on the LPPR and emerging London Plan / SPGs	
Mayor of London	Response to GLA London Employment Site Database	July 2021

<sup>4</sup> Section 33A of the Planning and Compulsory Purchase Act 2004, as inserted by Section 110 of the Localism Act 2010

<sup>5</sup> Section 33A(4) of the Planning and Compulsory Purchase Act 2004, as inserted by Section 110 of the Localism Act 2010

<sup>6</sup> <http://planningguidance.communities.gov.uk/blog/policy/>

<sup>7</sup> <http://planningguidance.communities.gov.uk/blog/guidance/duty-to-cooperate/>

<sup>8</sup> Regulation 4 of The Town and Country Planning (Local Planning) (England) Regulations 2012

Prescribed bodies / LPAs <sup>8</sup>	Action(s)	Date(s)
Mayor of London	Response to London Industrial Land Supply Study	July 2021
Mayor of London	Class E to residential PDR Article 4 co-ordination meetings	May/ June 2021
LBHF	RBKC/LBHF Planning Policy Liaison meetings	Quarterly
LBHF, LB Wandsworth, LB Brent and WCC	Requested comments on Employment Land Study.	June 2021
OPDC	RBKC/OPDC Planning Policy Liaison Meetings	On going
Mayor of London	Discussions with officers to confirm that the Borough's three Employment Zone should not be considered as Locally Significant Industrial Sites.	March/April 2022.

Figure 6.1: Duty to cooperate actions



THE ROYAL BOROUGH OF  
KENSINGTON  
AND CHELSEA

[www.rbkc.gov.uk/planningpolicy](http://www.rbkc.gov.uk/planningpolicy)