1.0 Introduction
1.1 The Council will be undertaking a review of its planning policies which relate to the “Enterprise” policies within its Core Strategy. These are the policies which relate to offices, shops, hotels and the other main town centre uses.

1.2 Strategic Environmental Assessment/Sustainability Appraisal (SEA/SA) is an integral part of the policy formulation. It offers a framework by which officers can ensure that the wider environmental impacts of the proposed policies can be properly assessed.

1.3 Once the Local Planning Authority has established that a SEA/SA is required (“screening”) it must establish whether the “scope” of the SEA/SA is correct, or whether the right issues will be considered and the right questions are being asked.

1.4 The purpose of this report is to consider the latter. It will be sent to the relevant SEA/SA ‘consultation bodies’\(^1\) who will be asked whether they agree with the Council’s view as to the scope of the SEA/SA or whether they can suggest how the SEA/SA process could be altered to make it more effective.

1.5 As part of this consultation, the Council is also consulting local planning authorities and the ‘prescribed bodies’\(^2\) for the purposes of the Duty to Cooperate as part of the Council’s duty to “engage constructively, actively and on an ongoing basis”\(^3\).

2.0 Background
2.1 The Council carried out a full and formal SEA/SA to inform the Core Strategy adopted which was adopted in December 2010.

2.2 This include the production of the following documents:

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\(^1\) R4(1), The Environmental Assessment of Plans and Programmes Regulations 2004; para.15, NPPG SEA & SA
\(^2\) S33A(1) Planning and Compulsory Purchase Act 2004 (as inserted by S110 Localism Act 2011)
\(^3\) S33A(2)(a) and para.001 NPPG Duty to Cooperate
• An initial Scoping Report (2005). This considered the appropriate content for the appraisals that had to be carried out; the Borough’s environmental baseline and the Council’s Sustainability Appraisal objectives against which the draft and the final policies were assessed. This was used as the basis of carrying out the sustainability appraisal of the various options outlined within the initial Issues and Options document.

• An Interim SA report (2007). This was published alongside the Preferred Options report and detailed the results of the SA of the Issues and Options.

• A Sustainability Appraisal Update report. (2009). Given the length of time between the publishing of the initial scoping report and the draft policies, an additional report was produced. This provided a summary of all the stages of the SA process, including information on how the SA Reports influenced the Core Strategy; an update review of other policies, plans, programmes and sustainability objectives; the evidence base; new key sustainability issues and changes proposed to the original SA framework.

• The Final Sustainability Appraisal report for the Core Strategy (2009)

2.3 All of these documents are available to view on the Council’s website.4

2.4 This Report extends the LDF SEA/SA Scoping Report (2005) and the Interim SA report (2009) to consider the emerging Issues and Options concerning the Council’s future Enterprise policies.

2.5 This is the second SEA/SA Scoping Report which has been prepared for the Enterprise Review. The first was prepared in November 2012 alongside the Council’s initial paper setting out the Issues and Options for the Enterprise Review.5 However, with the publication of a second Issues and Options paper, a further scoping exercise is considered appropriate. This will ensure that the baseline data being considered, the issue considered, and information used remain appropriate.

3.0 LEGISLATIVE BACKGROUND

4 Available from: 
http://www.rbkc.gov.uk/planningandconservation/planningpolicy/localdevelopmentframework/sustainabilityappraisal.aspx

5 https://planningconsult.rbkc.gov.uk/consult.ti/EnterpriseReview/consultationHome
3.1 In the summer of 2001, the European Union legislated for Strategic Environmental Assessment (SEA) with the adoption of Directive 2001/42/EC on the Assessment of the Effects of Certain Plans and Programmes on the Environment (the ‘SEA Directive’). The Directive was incorporated into UK law with the Environmental Assessment of Plans and Programmes Regulations 2004 and applies to a range of UK plans and programmes⁶.

3.2 The Planning and Compulsory Purchase Act 2004 requires local planning authorities to prepare SA reports as part of the preparation of local development documents⁷. More generally, the Act requires authorities to prepare plans “with the objective of contributing to the achievement of sustainable development”⁸.

3.3 The Town and Country Planning (Local Planning) (England) Regulations 2012 include SA reports as one of the “proposed submission”, “submission” and “adoption” documents for Local Plans⁹.

3.4 The National Planning Policy Framework 2012 (NPPF paragraph 165 – Environment) and its companion the National Planning Policy Guidance (NPPG) on SEA and SA are clear that sustainability appraisal is integral to the preparation and the development of a Local Plan. Para 006 of the NPPG encourages “work [on the sustainability appraisal process] to start at the same time that work starts on developing the plan.” Para. 013 of the NPPG includes a flowchart which shows the relationship between the sustainability appraisal and Local Plan preparation processes which is replicated in Figure 1 below.

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⁶ See also para.001, NPPG SEA & SA
⁷ S19(5); see also para.001, NPPG SEA & SA
⁸ S39(2); see also para.001, NPPG SEA & SA
⁹ R17; R22(1)(a); R26(a)(iii)
3.5 This indicates that the Council should consider the scope of the future sustainability appraisal before the drafting and publication of the Issues and Options report. This should include consulting the “consultation bodies” (English Heritage, Natural England and the Environment Agency)\(^\text{10}\) on the scope of the SA report.

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\(^{10}\) R4(1), The Environmental Assessment of Plans and Programmes Regulations 2004; para.15, NPPG SEA & SA
4.0 CONTENT AND STRUCTURE OF THIS REPORT

4.1 This report documents the Scoping (or Stage A) of the process, setting out the context and objectives of the SEA/SA. It also establishes the baseline and decides on the scope of the SEA/SA.

4.2 Stage A of the process, as set out in Figure 1, is divided into the following 5 key tasks:

- A1 – Identify other relevant policies, plans and programmes, and sustainability objectives;
- A2 – Collect baseline information;
- A3 – Identify sustainability issues and problems;
- A4 – Develop the SA framework; and
- A5 – Consult the consultation bodies on the scope of the SA report.

4.3 The main body of this report is divided into sections which document Stage A of the SEA process and, in particular, tasks A1 to A5.

5.0 BACKGROUND TO THE ENTERPRISE POLICIES

5.1 Central to the planning system is the need for planning documents to be relevant and up-to-date. Accordingly, the Council is carrying out a partial review of a number of strands of its Core Strategy. One of the elements being reviewed are those policies which relate to Enterprise, the policies contained within Chapter 31 of the Core Strategy, *Fostering Vitality*. These largely relate to shop, hotel, office, industrial and other business uses, although this Review does not propose to make any changes to shop and hotel policies and designations.

5.2 The Council did publish an initial Issues and Options document\(^1\) for the Enterprise policies at the end of 2012. However, the Review was put on hold at the beginning of 2013 when the Council learned that the Government would be consulting on re-writing planning regulations to allow offices to change to residential without the need for planning permission. The Review re-commenced following confirmation that the Royal Borough gained an exemption from these changes.

\(^1\) Enterprise Core Strategy Review – Issues and Options, RBKC, October 2012
5.3 The Government has started a further consultation on what it refers to as a "Technical consultation on planning". This is a wide ranging document. Of direct relevance to the Enterprise Review is the suggestion that planning permission will no longer be required for changes of uses from light industrial, warehousing and office uses to residential. In essence this proposal would remove the Borough’s current exemption earned in 2013.

5.4 The Council is drafting a response to this consultation. The new regulations are expected to be published in the beginning of 2015, and until this time the Council will not know if our comments will be taken on board. The Council does not intend to await the results of the consultation before progressing the Issues and Options paper. The nature of the document means that it can be amended in the future should this prove necessary.

5.5 The Council is, however, hopeful that it may retain the powers necessary to allow it to assess the appropriateness of any proposals which include the loss of business floorspace. This may be through a prior approval system, or ultimately through the use of an Article 4 direction. The former provides a number of criteria against which proposals can be assessed. The Council is likely to suggest in its representations that this should include the impact of a proposal on the local as well as the strategic office market.

5.6 The latter (Article 4 direction) could remove the newly created permitted development rights and maintain the need for planning permission for changes of use from business to a residential uses.

5.7 Both scenarios will require an up-to-date and robust policy if the Council is to effectively manage business floorspace in the future. The Issues and Options is the first stage of the formulation of such a policy. The Council will have to reconsider its options if it proves that the prior approval system is ineffective or if it is not possible to go down the Article 4 route.

5.8 The Council has decided to draft a new Issues and Options paper so that it can reflect both the emerging evidence on these matters and the Council’s current thinking.

5.9 The forthcoming Issues and Options paper will ask whether this remains the correct approach. In particular the Review will pose a number of questions, including:

Qu1: What planning policies should the Council adopt which will help to bring forward new business development?

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12 Technical Consultation on Planning, DCLG, August 2014
Q1a Should the Council require business floorspace to be provided as part of large scale residential developments?

Q1b Should the Council support the loss of employment floorspace in one building where it is being re-provided elsewhere in the Borough?

Q1c Are there any particular types of units that the Council should be providing to meet the specific demands of the Borough’s office sector?

Qu2: What planning policies should be adopted which will protect the premises used by the business sector and improve the nature of the premises available?

Q2a Should the Council take a flexible approach and allow changes of use between the B class (Business) uses?

Q2b Should the Council seek to protect B8 warehousing within the Borough?

Q2c Should the Council support a loss of business floorspace on a site where that which remains on the site is of a better quality, of a nature better suited to the local market, or provides for greater employment?

Q2d In such circumstances, what sort of new office floorspace should the Council be supporting?

Q2e Are they any circumstances where the Council should be supporting the creation of other uses at the expense of business floorspace?

Q2f Should the Council be protecting all office floorspace in all types of property?

Q2g Subject to changes to national legislation proposed by the government, should the Council seek to require planning permission for changes of use from business uses to residential uses? If so, are there any particular areas or business sectors this should consider?

Qu3: What, if any, spatial policies should the council adopt in respect of business use?

Q3a Should the Council take a different approach to the protection of business floorspace in Earl’s Court than that taken elsewhere in the Borough?
Q3b Should the Council take a different approach to development within the Borough’s three Employment Zones?

Q3c Are there any other areas within the Borough which would merit a specific policy?

6.0 THE STAGE A APPRAISAL: TASKS A1 TO A5

Task A1 – Identify other relevant policies, plans and programmes, and sustainability objectives

6.1 An initial review of policies, plans, programmes, strategies and initiatives (PPPSIs) was carried out as part of the LDF Scoping Report. This section outlines those PPPSIs which are considered to be of particular relevance to the emerging policy regarding Enterprise policies. These are set out in Table 1 below which includes additional policies, plans, programmes, strategies and initiatives not included in the LDF Scoping Report but relevant to the formulation of revised Enterprise policies.

<table>
<thead>
<tr>
<th>National</th>
</tr>
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<tbody>
<tr>
<td>National Planning Policy Framework March 2012</td>
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<tr>
<td>Planning Practice Guidance, as of July 2014, including:</td>
</tr>
<tr>
<td>• Housing &amp; economic development needs assessments</td>
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<tr>
<td>• Housing &amp; economic land availability assessment</td>
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<tr>
<td>• Local Plans</td>
</tr>
<tr>
<td>• Strategic environmental assessment &amp; sustainability appraisal</td>
</tr>
<tr>
<td>Localism Act November 2011</td>
</tr>
<tr>
<td>Local Government Finance Act 2012</td>
</tr>
<tr>
<td>Growth and Infrastructure Act 2013</td>
</tr>
<tr>
<td>Written Ministerial Statement: Change of Use: New Homes February 2014</td>
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<tr>
<td>Technical Consultation on Planning August 2014</td>
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<tr>
<td>London</td>
</tr>
<tr>
<td>The London Plan (adopted July 2011 with revised early minor alterations, 2013)</td>
</tr>
<tr>
<td>Safeguarded Wharves Review Further Consultation July 2012</td>
</tr>
<tr>
<td>London Office Policy Review September 2012</td>
</tr>
<tr>
<td>Land for Industry and Transport SPG September 2012</td>
</tr>
<tr>
<td>Housing SPG November 2012</td>
</tr>
<tr>
<td>London Plan Implementation Plan 1 January 2013</td>
</tr>
<tr>
<td>Jobs and Growth Plan for London April 2013 (London Enterprise Panel)</td>
</tr>
<tr>
<td>2020 Vision: The Greatest City on Earth June 2013</td>
</tr>
</tbody>
</table>
### Table 1: List of relevant policies, plans and programmes

<table>
<thead>
<tr>
<th>Policy/Plan/Programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Housing Land Availability Assessment January 2014</td>
</tr>
<tr>
<td>Strategic Housing Market Assessment January 2014</td>
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<tr>
<td>Draft Further Alterations to the London Plan January 2014</td>
</tr>
<tr>
<td>2013 London Town Centre Health Check Analysis Report March 2014</td>
</tr>
<tr>
<td>Homes for London: The London Housing Strategy April 2014</td>
</tr>
<tr>
<td>London Planning Statement SPG May 2014</td>
</tr>
<tr>
<td>Shaping Neighbourhoods: Character and Context SPG June 2014</td>
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<tr>
<td>Town Centres SPG July 2014</td>
</tr>
<tr>
<td>London Infrastructure Plan – A Consultation July 2014</td>
</tr>
<tr>
<td>Local</td>
</tr>
<tr>
<td>Local Development Scheme April 2014</td>
</tr>
<tr>
<td>Core Strategy for the Royal Borough with a Focus on North Kensington Development Plan Document (adopted December 2010 + amended in October 2013)</td>
</tr>
<tr>
<td>The Norland Neighbourhood Plan (2014)</td>
</tr>
<tr>
<td>Local Implementation Plan (January 2014)</td>
</tr>
<tr>
<td>Surface Water Management Plan (February 2014)</td>
</tr>
<tr>
<td>Strategic Flood Risk Assessment (March 2014)</td>
</tr>
</tbody>
</table>

SA Q1 Are there any particular policies, plans and programmes or similar documents of your organisation that you consider the Council should “have regard to” which are not already set out in Table 1? If yes, please provide details.

### Task A2 – Collecting Baseline information

6.2 The LDF SA / SEA Scoping Report identifies the key characteristics of the Royal Borough of Kensington and Chelsea. It was updated in 2009\(^\text{13}\) with the information in Figure 2 below in relation to economy.

**Objective**  
**Key information / trends**

<table>
<thead>
<tr>
<th>Economy</th>
</tr>
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| There has been a growth in the number of people of working age in the Royal Borough of Kensington and Chelsea from 114,710 in 2001 to 123,700 in 2007. This is a higher percentage of the population (69.3%) than for London (66.9%) and the UK (62.2%). A 38.5% increase in employment occurred between 1999/2000 and 2007/2008. The proportion of people of working age in employment in January-December 2007 and July 2007-June 2008 increased from 67.1% to 67.9%. This is lower than for London (69.3%) and 70.6% and for the England (74.4% Jan-Dec 2007) and the UK (74.5% July 2007 – June 2008). This figure has varied in the Borough over the last 10 years, from a high of 68.7% in March 2000-February 2001, to a low of 61.5% in April 2006-March 2007.

The unemployment rate, as measured by claimants of job seekers allowance, compares well with London, being below the average, and claimants experienced a downward trend between 2006 and 2008, experiencing a 34% drop. Claimant count with rates dropped significantly between 2006 and 2008 to increase again in the end of 2008. Number of claimants remains lower than for London and the UK (respectively, May 2008: 1.7%, 2.5%, 2.1%, and December 2008: 2.0%, 3.2%, 3.0%).

In 2007, average gross weekly earnings for the Borough (£62.4) were higher than for London (£580.8) and the UK (£479.3), and increased by £76 between 2007-08. Percentage of low pay for the Borough (8.2%) is lower than for London (12.8%) and the UK (13.1%) – although this figure has decreased since the 1990s, it has increased in most recent years. Levels of GVA per capita increased between 1995 and 2004 by 55.6% in RBKC to £88,563, and remain at a significantly higher level than in London and the UK. Although job density has decreased in RBKC from 1.34 in 2001 to 1.23 in 2003, it remains higher than for London (1.02) and the UK (0.88).

The indices of Deprivation Domain for Income and Employment highlight Super Output Areas (SOA) that lie within ward boundaries that are within the 20% most deprived in England. These statistics have improved between 2004 and 2007: the number of SOAs within 20% most deprived in England decreased from 26 and 23 to 19 respectively. The wards with the most income deprivation are concentrated in the wards of St Charles, Golborne, Notting Barns, Colville, and Cremorne. The wards with the most employment deprivation are concentrated in the wards of Colborne, Notting Barns, Notland, and Redcliffe.

The recent Employment Land Study in the analysis of the local economy in the Study identified many positive features, but three apparent deficiencies in RBKC:

- There is a concentration of socio-economic disadvantage in the North Kensington wards.
- Jobs located in Kensington and Chelsea on average are relatively low-paid; it seems that high-skilled, high-earning residents typically commute to work out of the Borough, while low skilled workers commute into the Borough.
- While the Borough has a positive labour market balance – it provides more jobs than it has working residents.

The Employment Land Study has estimated a minimum requirement of 114,000 sq m of office/B1 space between 2001-21 and a maximum loss of 73,000 sq m of industrial/warehousing space over the same period.
Figure 2: Key Characteristics of RBKC
*pp.50-51 Sustainability Appraisal Update report. (2009).*

6.3 This report further updates this data, to help inform the current Review.

Employment in the Royal Borough

6.4 The latest data from the Office of National Statistics\(^{14}\) (March 2014) indicates that 70% (86,400) of the Borough’s residents are economically active, of which 78,600 are in employment. Just 1.8% of the population (2,050) are on jobseekers allowance, i.e. are available for, and actively seeking, work. This compares with a London-wide average of 2.6%.

The business sector

6.5 The Borough’s B class business sector is vibrant and healthy, with low vacancy rates and with increasing rental levels. The existing floorspace is estimated to be 696,000 sq m\(^{15}\) and accounts for 23%\(^{16}\) of the Borough’s stock of firms and some 17% of all employment.

6.6 With the highest rates of self-employment in Central London, Kensington and Chelsea is a highly entrepreneurial borough. Nearly one in six working age residents are self-employed and possess the drive, skills, networks and capital needed to meet the demands of working for themselves. The residential desirability of the borough also attracts already successful business owners, swelling the numbers of entrepreneurs still further.

\(^{14}\) http://www.nomisweb.co.uk/reports/lmp/la/1946157252/report.aspx
\(^{15}\) Office Market Review and Viability in RBKC, Frost Meadowcroft, 2013
\(^{16}\) RBKC, Commercial Property Study, Peter Brett Associates, 2013
Figure 3: Key Employment data for RBKC, March 2014
Source: Office of National Statistics

6.7 However, levels of new enterprises starting in the Royal Borough are comparatively low. While the rest of London has been enjoying growth in the stock of businesses Kensington and Chelsea's active stock has remained flat for many years.

Nature of the Borough’s business stock

6.8 The office market in Kensington and Chelsea forms the western fringe of the West End Office market, part of the wider Central London market.

6.9 The profile of the office market varies across the Borough. It provides a mix of stock from small mews style office buildings to
larger purpose built office developments or converted warehouses in the core commercial clusters.

6.10 The Borough has a full cross section of business types. However, in the same way as the City of London is known for its financial and insurance services, so Kensington is known for its music, fashion and creative businesses. Some of these are of national and international significance. The Borough is, for example, home to the four major record labels, some 400 associated independent studios and production facilities, providing an estimated 28% of all the country’s employment in the music publishing sector.\(^{17}\)

6.11 The light industrial and warehousing sector is much smaller in scale estimated by the Valuation Office\(^{18}\) to be some 66,000 sq m. Much of this will constitute of studios and hybrid workshop/office uses, rather than traditional factories, workshops or warehouses.\(^{19}\)

*The differential in value of housing and office floorspace.*

6.12 Kensington and Chelsea contains a significant proportion of London’s prime housing market, with a strong and seemingly insatiable demand for housing across the Borough. This demand drives up the values that can be achieved for residential development, creating a notable differential in value between residential and almost all other uses.

6.13 If business use were allowed to covert to residential without control, increases in the value of floorspace of more than 100% could be expected across the Borough.\(^{20}\) With an increase in value of just 40% making a “compelling financial case for residential conversion”\(^{21}\) a robust position must be taken if a large proportion of the Borough’s business space is not to be lost. However, there may be ways in which the differential in values may be turned to advantage; it may provide opportunities to increase the value of a site and to bring forward viable mixed used development including good quality new business floorspace.

*Demand for offices, both current and future*

6.14 The attractiveness of the Borough as an office location is reflected by both the healthy rental levels achieved across most of the area, and by the extremely low levels of office availability. In the first quarter of 2014 the availability rate was just 3.4% (see Figure 4)

\(^{17}\) Impact of proposed changes to permitted development rights for Kensington and Chelsea, TBR, 2013

\(^{18}\) Office Market Review and Viability in RBKC, Frost Meadowcroft, 2014. This is based on the most recently published figures from the VOA, from data collected in 2010.

\(^{19}\) RBKC Commercial Property Study, Peter Brett Associates, 2013.

\(^{20}\) Office market commentary in Kensington and Chelsea, Frost Meadowcroft, 2013

\(^{21}\) ibid
(or 23,800 sq m), lower than that of the West End at 3.6%. This is less than half level usually considered to be account for natural churn.

Figure 4: Availability of office space in RBKC 2009-13

6.15 Macro forecasting carried out on behalf of the GLA\textsuperscript{22}, and fine tuned for this Borough\textsuperscript{23}, concludes that there is a demand for approximately 2,500 sq m of additional office floorspace per year over the plan period, or 50,000 sq m to 2031. On the supply side, the development pipeline for offices amounts to some 30,000 sq m leaving a further 20,000 sq m to be found through smaller windfall sites.

6.16 Whilst not a ‘target’ in the way that the GLA’s housing figures are, the Council recognises that there are considerable benefits associated with the creation of new business floorspace so it wants to see this demand met as far as is practicable. The Council has also looked at both the nature of the existing office space and the future demand. The demand for small business spaces of less than 75m\textsuperscript{2} outstrips supply. For the smallest and newest businesses seeking space of less than 25m\textsuperscript{2}, demand is over three times greater than supply\textsuperscript{24}.

\textsuperscript{23} RBKC Commercial Property Study, Peter Brett Associates, 2013.
\textsuperscript{24} Local Economic Evidence; Employment and Land Use, TBR, 2010.
6.17 Whilst the nature of both the office supply and the demand may change over time, the conclusions of subsequent studies\(^5\) remain consistent. There is not enough supply to accommodate the levels of demand.\(^{25}\)

![Supply and Demand of Commercial Land use within Kensington and Chelsea](image)

**Figure 5: Supply and Demand of B class business floorspace in Kensington and Chelsea.**

*Source: Local Economic Evidence; Employment and Land Use, TBR, 2010.*

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6.18 In the summer of 2013 the Council was one of only two local authorities which received “Borough-wide” exemptions from a Government proposal to change planning regulations so that planning permission would no longer be needed for changes of use from offices to residential\(^{26}\).

6.19 The Council successfully argued that given the differential in value between business and residential uses a relaxation of control would see the wholesale loss of business premises to residential. The vibrancy of the office sector, with low vacancy rates and healthy

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\(^{26}\)http://www.rbkc.gov.uk/planningandconservation/planningpolicy/exemptionb1toc3.aspx
returns would mean little when compared to the opportunities to increase value through conversion to residential.

6.20 The Council has mapped the location of those premises most at risk. These would be the properties in those areas where there was a significant differential in values; those properties with short or flexible leases; and those properties where the physical conversion would be relatively straightforward. This map is reproduced as figure 6.

6.21 A study undertaken for the Council has demonstrated that without any policy protection for business uses, 1,200 firms would be at a high risk, employing some 7,000 people, with a Gross Value Added (GVA) of £560 million. A further 1,100 firms employing 3,300 people with a GVA of £350 million lie in properties considered to be at a medium to high risk of conversion.\(^{27}\)

6.22 The Council remains committed to protecting its remaining stock of business premises. Protection cannot be supported for its own sake, but only when there is a realistic prospect of that land being used for what it has been safeguarded for.

6.23 To inform this policy approach, the Council has commissioned two studies to consider the viability of the employment sector in different parts of the Borough.\(^{28}\)\(^{29}\)

6.24 Each study reaches the same broad conclusion, that the office market is vibrant and there is no reason to believe that any of the Borough’s main office locations are intrinsically unviable for continued office use.

\(^{27}\) Impact of proposed changes to permitted development rights for Kensington and Chelsea, TBR, 2013.
\(^{28}\) Office market Review and Viability in the Royal Borough of Kensington and Chelsea, Frost Meadowcroft, 2014.
\(^{29}\) RBKC Commercial Property Study, Peter Brett Associates, 2013
Hotels

6.25 The Council recognises that tourism is one of the Borough’s key economic drivers. In 2008 it was estimated that £3.1 billion was spent by tourists in the Borough\(^{30}\), a quarter of this spend relating to stays in hotels. The Royal Borough is one of London’s main

providers of visitor accommodation, containing an estimated 15,280 “serviced rooms”. Only the boroughs of Westminster and Camden have a greater supply. Figure 7, reproduced from the GLA Economics report shows, the distribution of room supply by London borough.

6.26 GLA Economics\(^{32}\) have considered the future need for hotels, assessing both the domestic and international market. Their “best estimate” suggests an annual pan-London need for just under 1,800 net new serviced visitor rooms per year between now and 2036.

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\(^{32}\) Working Paper 58, Understanding the demand for and supply of visitor accommodation in London to 2036, GLA Economics, 2013.
6.27 Section 4.3 of the original Scoping Report, along with the Sustainability Appraisal iterations and the Core Strategy provides a summary of the key social, environmental and economic issues that have been identified as of the most importance to the Royal Borough. The most relevant of these to the Enterprise Review identified from these sources and from section A1 and A2 above are listed below:

<table>
<thead>
<tr>
<th>Sustainability problem</th>
<th>Supporting Evidence</th>
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</thead>
<tbody>
<tr>
<td><strong>Economic</strong></td>
<td></td>
</tr>
<tr>
<td>Residential prices are so high in this borough that there is a danger that all employment uses could change to residential without planning policy controls.</td>
<td>Average house prices the highest in the UK creating a barrier to entry for low and medium level earners. July 2009 SEA update and Land Registry</td>
</tr>
<tr>
<td><strong>Environmental</strong></td>
<td></td>
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<tr>
<td>Local distinctiveness</td>
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</tr>
<tr>
<td>The Council has designated 36 Conservation Areas, encompassing about 72% of the Borough. The Borough also contains over 4,000 buildings which are listed at Grade II or above for their special architectural or historic interest. There are further areas of architectural character and historic interest including strategically important views. The Borough’s scheduled monuments, registered parks and gardens and archaeological priority areas are also important to local distinctiveness</td>
<td>July 2009 SEA update</td>
</tr>
<tr>
<td><strong>Social</strong></td>
<td></td>
</tr>
<tr>
<td>Equality issues: within the Royal Borough of Kensington and Chelsea, there is a clear north south delineation in regard to equity and social inclusion. Indices of Multiple Deprivation, clearly shows that the northern areas of the Borough are relatively more deprived than those in the south. Indeed, four wards (Golborne, St Charles, Notting Barns, Norland) in the north are in the 0-10% most deprived nationally, whereas the ward of Royal Hospital in the south includes an area are of the 81-100% least deprived, showing the Royal</td>
<td>July 2009 SEA update</td>
</tr>
</tbody>
</table>
Borough to be an area of extremes.

Data gaps and availability
6.28 The principal “data gaps” were with regard the viability of business uses in different parts of the Borough, and for different types of premises. This has recently been filled by the Frost Meadowcroft study.33

Future trends under the ‘business-as-usual’ option
6.29 Predicting the nature of future trends is fraught with difficulty. These depend on a wide range of factors including the global and national economic climate and decisions made at the national, regional and local level. We need to undertake this Review in order to ensure that our employment planning policies are fit for purpose. It is important to note that mitigation measures will be recommended in the SEA/SA, which could address any potential impacts of a future policy.

SA Q3 Do you have any comments on the sustainability issues and problems identified for the borough or know of any further issues and problems that should be included?

Task A4 - Develop the SA Framework
6.30 The Council’s 16 SA objectives set out in the LDF SA / SEA Scoping Report are shown in Table 2 below. Changes may be made to these in light of the consultation on this Scoping Report.

<table>
<thead>
<tr>
<th>SA objectives</th>
</tr>
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<tbody>
<tr>
<td>1. To conserve and enhance the natural environment and biodiversity</td>
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<tr>
<td>2. To reduce crime and anti-social behaviour and the fear of crime</td>
</tr>
<tr>
<td>3. To support a diverse and vibrant local economy to foster sustainable economic growth</td>
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<tr>
<td>4. To encourage social inclusion (including access), equity, the promotion of equality and a respect for diversity</td>
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<tr>
<td>5. To minimise effects on climate change through reduction in emissions, energy efficiency and use of renewables and adopt measures to adapt to climate change</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. To reduce the risk of flooding to current and future residents</td>
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<tr>
<td>7. To improve air quality in the Royal Borough</td>
</tr>
<tr>
<td>8. To protect and enhance the Royal Borough’s parks and open spaces</td>
</tr>
<tr>
<td>9. To reduce pollution of air, water and land</td>
</tr>
<tr>
<td>9a. To prioritise development on previously developed land</td>
</tr>
<tr>
<td>10. To promote traffic reduction and encourage more sustainable alternative forms of transport to reduce energy consumption and emissions from vehicular traffic</td>
</tr>
<tr>
<td>11. To reduce the amount of waste produced and maximise the amount of waste that is recycled</td>
</tr>
<tr>
<td>12. To ensure that social and community uses and facilities which serve a local need are enhanced, protected, and to encourage the provision of new community facilities</td>
</tr>
<tr>
<td>13. To aim that the housing needs of the Royal Borough’s residents are met</td>
</tr>
<tr>
<td>14. To encourage energy efficiency through building design; maximise the re-use of building’s and the recycling of building materials</td>
</tr>
<tr>
<td>15. To ensure the provision of accessible health care for all Borough residents</td>
</tr>
<tr>
<td>16. To reinforce local distinctiveness, local environmental quality and amenity through the conservation and enhancement of cultural heritage</td>
</tr>
</tbody>
</table>

*Table 2: Sustainability Appraisal Framework: SA objectives*

6.31 It is not proposed to change or add any further Objectives or sub-Objectives to the existing SA Framework as these Objectives, and in particular Objectives 3, 10, 13 and 16 are considered appropriate in terms of assessing the implications of emerging Enterprise policies.
6.32 Objective 3 (support for a diverse local economy) is directly relevant, with objective 13 (Housing) being the flip side of the same coin. In practice, in this Borough the protection (or provision) of business floorspace, will be at the expense of housing – the “default” land use over much of the Borough.

6.33 Objective 10, concerns traffic reduction. As a potentially major trip generator, employment uses can have implications in traffic generation in the Borough. Businesses can also have an impact on “local distinctiveness”, SA objective 16.

SA Q4 Do you have any comments on the sustainability objectives and indicators or know of any further sustainability objectives and indicators that should be considered?

**Task A5: Consult on the Scope of the SA report**

6.34 The Council has a statutory duty to consult the SA/SEA “consultation bodies”, which are English Heritage, Natural England and the Environment Agency on the scope of the assessment contained in this Scoping Report. The “consultation bodies” can respond within 5 weeks.

6.35 This report focuses primarily on tasks A1 – A4 and when commenting on this report, respondents are asked to consider the four key questions which are set out throughout the report, namely, SA Q1-Q4.

**Duty to Cooperate**

6.36 As part of this consultation, the Council is also consulting local planning authorities and the “prescribed bodies” for the purposes of the Duty to Cooperate as part of the Council’s duty to “engage constructively, actively and on an ongoing basis”.

6.37 This is required in relation to “maximising the effectiveness” of, and having “regard to”, activities concerned with supporting or preparing planning policies “so far as relating to a strategic matter” and relating to activities of “prescribed bodies”.

6.38 A “strategic matter” is defined as “sustainable development or use of land that has or would have a significant impact on at least two

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34 R4(1), The Environmental Assessment of Plans and Programmes Regulations 2004; para.15, NPPG SEA & SA
35 R12(5)-(6); para.14 NPG SEA & SA
36 S33A(1) Planning and Compulsory Purchase Act 2004 (as inserted by S110 Localism Act 2011)
37 S33A(2)(a) and para.001 NPPG Duty to Cooperate; see also para.181, NPPF; para.012, NPPG Duty to Cooperate
38 S33A(1)-(3); see also paras.002; 011; 013 NPPG Duty to Cooperate
planning areas, including... in connection with infrastructure that is strategic...”

6.39 Strategic matters are further defined by the NPPF as “planning issues that cross administrative boundaries, particularly those which relate to... strategic priorities”

6.40 The Council considers that the proposed revisions to the ‘Enterprise’ policies set out in section 5 of this report are unlikely to represent “strategic matters” in that they will be unlikely to have significant impacts on at least two planning areas, however, the policies do represent “strategic priorities” for the purposes of the NPPF in that they relate to “jobs” and “commercial development”.

6.41 As part of the ongoing engagement, consideration should be given to “whether to consult on and prepare, and enter into and publish, agreements on joint approaches to the undertaking of” preparation of planning policies relating to strategic matters and “whether to agree... to prepare joint local development documents”.

6.42 The ‘prescribed bodies’ for the purposes of the Duty to Cooperate relevant to this borough are:

- Environment Agency
- English Heritage
- Natural England
- Mayor of London
- Civil Aviation Authority
- Homes and Communities Agency
- Clinical Commissioning Groups

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39 S33A(4)  
40 Para.178, NPPF  
41 Para.156, NPPF  
42 S33A(6)(a)  
43 S33A(6)(b)  
• National Health Service Commissioning Board [now known as “NHS England”]
• Office of Rail Regulation
• Transport for London
• Integrated Transport Authorities
• Highway Authorities
• Marine Management Organisation

and 45:
• Local Enterprise Partnership
• Local Nature Partnership

6.43 Relating to the Duty to Cooperate, responses to the following questions are invited by the Council, only relating to the proposed revisions to the ‘Enterprise’ policies set out in section 5 of this report, without prejudice to organisations’ responses to future stages of consultation:

**DTC Q1** Are there any particular activities, plans, strategies, programmes or similar documents of your organisation that you consider the Council should “have regard to” which are not already set out in Table 1? If yes, please provide details.

**DTC Q2** Do you consider that the proposed revisions to the ‘Enterprise’ policies are likely to constitute a “strategic matter” (or matters) (explained in paras.6.38–6.40 of this report)? If yes, please explain why.

**DTC Q3** Do you consider that the Council should prepare any joint consultations, agreements, approaches or local development documents with your organisation? If yes, please explain why.

### 7.0 NEXT STEPS

7.1 The Council will have regard to the comments made from the consultees listed in Task A5. Work on “Stage B” of the process will be published alongside the “Issues and Options” (the regulation 18 consultation) for the Enterprise Review. This consultation is expected to take place in October 2014. The further stages of the SA process are detailed in Figure 1.

7.2 All these documents will be available on the Council’s website.

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45 R4(2)–(3) as introduced by The Town and Country Planning (Local Planning) (England) (Amendment) Regulations 2012; see also para.180, NPPF; para.006, NPPG Duty to Cooperate
7.3 Responses to this SA Scoping Report consultation should be sent by email or post using the details provided below. Further information on the development of the draft Enterprise policies in the Borough and the accompanying SA process can also be obtained from:

**Contact officer:**
Chris Turner
Senior Planning Officer
Planning and Borough Development
The Royal Borough of Kensington and Chelsea
The Town Hall
Hornton Street
London W8 7NX
Tel 020 7361 3236
Email chris.turner@rbkc.gov.uk

Consultees are requested to provide responses within 5 weeks by 7th October 2014.