

CED016

Local Plan Partial Review – Examination Matters, Issues and Questions Hearing Statement

Matter 3: Delivery Strategy
Issue 3b: Fostering Vitality (Policies CP1 and CF1-
CF8)

February 2018



THE ROYAL BOROUGH OF
KENSINGTON
AND CHELSEA

Matter 3 Delivery Strategy

Issue 3b: Fostering Vitality 9Policies CP1 and CF1 – CF8)

Retail Development and Town Centres (Policies P1 and CF1- CF3)

1. **Does the RBKCLPPR make adequate provision to meet the need for additional retail floorspace identified in Policy CP1?**
- 1.1 Policy CP1 considers the quanta of development which the Council will seek to provide across the Borough to 2023. This includes the provision of a further 9,700 sq m of Class A1 retail floorspace. This need is derived from the Council's Retail and Leisure Needs Study (RLNS, SUB33). It is further broken down to just 700 sq m of additional comparison floorspace, and 9,000 sq m of convenience floorspace.
- 1.2 The Council recognises that accommodating need can be a challenge in an inner London, high value Borough such as Kensington and Chelsea, where there is a need to balance the provision of additional commercial uses alongside the need to meet housing targets. However, the Council can demonstrate how it intends to meet the need for A1 shops. This need will be accommodated through the filling of vacant town centre units, through the building out of commercial elements of some of the larger sites and allocations, and through recent completions.

Completions

- 1.3 Whilst the Borough's retail market has been relatively flat since 2010 and the adoption of the Core Strategy, there has been a modest net increase in Class A1 completions in the years 2015/16 and 2016/17, a net increase of 5,515 sq m. These figures will have been reported in December 2016 and December 2017 respectively, so postdate the publication of the RLNS in April 2016 (SUB33). These are reported in the 2017 AMR.

Vacancies

- 1.4 The RLNS looks at the ability of the existing vacant sites to accommodate some of the identified need. (section 5 of the RLNS). This estimates that a reduction of vacancy rates to 5% (the target vacancy rate envisaged by the original study) could accommodate 11,300 sq m of commercial space. This is more than the 9,700 sq m need for A1 floorspace identified within the RLNS. The Council does note that there is a further need for other town centre uses. This is addressed in the response to Issue 3b, Question 2.

Allocations

- 1.5 In addition to the 11,300 sq m of floorspace that could be provided by the filling of vacant floorspace, the Council notes that 5,050 sq m of additional A class floorspace is included in the proposed allocations. These are set out in Figure 1 of Q 1 below.

Site allocation	Description
CA1: Kensal Canalside Opportunity Area	A minimum of 2,000 sq m of new non-residential floorspace, including social and community and local shopping facilities, in addition to the supermarket
CA3: Wornington Green	Approximately 2,000 sq m of A1 to A5 uses
CA11: Harrington Road	Active street frontage to Harrington Road. The site area is 2,100 sq m. One could expect 5% of this, or 1,050 sq m to have an active A class use.
Total	5,050 sq m

Figure 1 of Q 1: Allocations including A1 floorspace.

- 1.6 The Council expects the retail element of the Kensal Canalside and Wornington Green sites to be completed by the end of 2023. Harrington Road should be delivered by 2024. (Appendix 1 of the Policy Formulation Report – CH1 Increasing Housing Supply (October 2017) (SUB43.1).
- 1.7 The recent completions, the filling of vacancies and the A class allocations would provide for 21,865 sq m of floorspace. This is considerably more than the 9,700 sq m of A1 floorspace which the Local Plan seeks to deliver. The Council does recognise that this floorspace will accommodate a range of town centre uses and not merely A1 uses. This is addressed in the Council’s response to Issue 3b, question 2.
- 1.8 In addition, the Council does recognise that the modelling of retail need is not an exact science. This is self-evident with the dramatic reduction in predicted retail need between the initial 2008 RLNS¹ and the 2016 update (SUB33). Despite the use of well-established models the consultants in 2008 were unable to accurately predict a lower growth in comparison goods expenditure, the full impact of the nearby Westfield shopping centre on the patterns of spend within the Borough as well as much higher levels of special forms of trading. The policies within the LPPR are worded to reflect this uncertainty. The allocation for Kensal Canalside is particular relevant in this regard. The allocation is for “*a minimum*” of 2,000 sqm of new retail and D class floorspace. More can be permitted were the applicants are able to demonstrate it would not have a detrimental impact on the vitality and viability of neighbouring centres.

¹ www.rbkc.gov.uk/pdf/18%20K%26C%20RETAIL%20LEISURE%20STUDY%202008%20-%20MAIN%20REPORT.pdf

2. Is the Plan consistent with the expectations of national policy in allocating a range of suitable sites within town centres to meet in full the retail, leisure, commercial, office, tourism, cultural and community needs of the borough?

2.1 Yes, the Council is satisfied that this is the case.

2.2 In order to “ensure the vitality of town centres”, local planning authorities should, “*allocate a range of suitable sites to meet the scale and type of retail, leisure, commercial, community and residential development needed in town centres.*” (NPPF Paragraph 23, sixth bullet).

2.3 The Borough’s centres are unusual in that they are linear entities, and do not contain large brown field sites which are suitable for development. As such, whilst the Council has allocated sites within the town centres, it would expect most additional need to be addressed through the intensification of uses within the centres, or where this is not possible, through sites at the edge, and then outside of centres. Such proposals would be subject to the tests within Policy CF1, in that they must not have an unacceptable impact on the vitality or viability of existing centres.

Retail and leisure uses

2.4 The Council has addressed how it intends to meet the need for additional retail floorspace in the answer to the inspector’s question 3b (1) (above). In essence, the Council’s RLNS (SUB33) has identified a modest additional retail need to be met by 2023, of just 9,700 sq m. This can be met through:

- the uses of vacant spaces
- a number of allocations
- as well as through the recent completions.

2.5 The RLNS also considers what it terms “other town centre uses”, or service (food and beverage) and a range of commercial leisure uses. The RLNS predicts that there will be a need for an additional 7,863 sq m of food and beverage provision to 2023.

2.6 The Council is satisfied that this need can be met in the same way as the need for additional floorspace, that is by the bringing of vacant premises into uses and through the modest amount of allocations. Taken together there is a need for 17,563 sq m, and identified sites to accommodate 16,350 sq m. In addition, completion data for 2015/16 and 2016/17 show that there has been a net increase in 5,760 sq m of A1, A3 and A4 floorspace.

2.7 As such there is a small surplus of A class floorspace available to 2023. This is not significant, when considering the scale of the town centre floorspace across the Borough, estimated to be 399,230 sq m in the large centres alone.

Commercial leisure

- 2.8 The RLNS considers the need for commercial leisure uses. It concludes (paragraph 6.7) that, *“residents in Kensington and Chelsea have good access to a range of commercial leisure and entertainment, including facilities in neighbouring boroughs and Central London. Most of the key sectors are represented. The Borough’s location close to the West End may limit the potential for further commercial leisure and entertainment facilities. High land/property values in the Borough may also make large format leisure uses commercially unviable e.g. tenpin bowling and bingo clubs, despite the theoretical capacity for these uses, unless they are part of a major mixed use development.”*

The existing cinema provision within and around the Borough suggests there is limited potential for further cinema facilities up to 2028. There may be scope for 1-2 new health club facilities over the plan period due to population growth.”

Offices

- 2.9 The need for additional office floorspace is considered in some detail in the answer to Inspector’s question 5 of Issue 3b. There is a need for 44,967 sq m of B1(a) floorspace to 2028. However, the Council has demonstrated a modest oversupply of 12,849 sq m including the development pipeline. The Council does, however, expect the majority of this floorspace to be accommodated on sites outside of town centres. This is appropriate given the multiple needs for highly accessible town centre locations. Offices within this borough can thrive in less accessible locations.

Tourism, cultural and community needs of the borough

- 2.10 It is difficult to quantify the floorspace required for tourism, cultural and community needs, and to allocate sites for them within town centres. As such the LPPR takes a pragmatic approach. For arts and cultural uses, Policy CF7 seeks to protect existing uses, and to support the creation of new high trip generating uses within the town centres. It notes that smaller scale arts and cultural uses which are likely to attract fewer visitors will be welcomed throughout the borough. This allows the Council to be agile in this regard and to support new cultural uses as and when they arise. This approach is supported by the visions for the respective places, which support the growth of such uses. So, for example, the vision for Sloane Square/ King’s Road (CV15) is as a, *“place to experience some of the best theatre, concert, museum and gallery events that London has to offer.”* The allocation for the Chelsea farmer’s market (Policy CA12) is for the, *“creation of a new public square facing 151 Sydney Street and linking to Dovehouse Green.”* This could have multiple uses.
- 2.11 Similarly, the historic designation of the South Kensington Strategic Cultural Area is intended to *“protect and enhance arts and cultural uses”* in the area. (Policy CF11). This feeds into the vision for the place (CV14) which states that the Council will *“protect and enhance this extraordinary cluster of institutions.”*

- 2.12 The Council has involved many of the large cultural stakeholders in the drafting of the plan. Their comments have been reflected in the final iteration of the document. These stakeholders have not been able, at this stage, to articulate their detailed land use needs.
- 3. Is the threshold of 400 sqm for retail impact assessments for new shops in the reasoned justification to Policy CF1 justified and consistent with national policy?**
- 3.1 Paragraph 2.4.4 of the Policy Formulation Report for Fostering Vitality (SUB31) sets out the options and alternatives that the Council has considered in setting the threshold of 400sq m.
- 3.2 Central to the NPPF is the need to ensure the vitality of town centres. One of the principal tools in achieving this ambition is through ensuring the ‘town centre first’ approach to new town centre uses. The starting point for new retail development is that it should be located within an existing centre. Only when it is shown that this cannot be achieved will an ‘edge of centre’ location be appropriate and only when this cannot be achieved will an ‘out of centre’ location be considered. This approach is considered most likely to allow the range of the Borough’s centres to thrive and as such the town centre first approach is central to Policy CF1.
- 3.3 The NPPF does, however, recognise that there may be circumstances where new town centre uses will be acceptable where not in an existing centre, and when not in accordance with an up-to-date plan. However, to ensure that such an approach will not harm the vitality of existing centres, paragraph 26 of the NPPF requires the use of an impact assessment. It supports the use of what it terms “a proportionate, locally set floorspace threshold (if there is no locally set threshold the default threshold is 2,500 sq m)”.
- 3.4 Paragraph 016 of the NPPG on Ensuring the Vitality of Town Centres sets out the factors for the Council to consider when setting this “locally appropriate threshold”. These factors include:
- scale of proposals relative to town centres;
 - the existing viability and vitality of town centres;
 - cumulative effects of recent developments;
 - whether local town centres are vulnerable;
 - likely effects of development on any town centre strategy; and
 - impact on any other planned investment.
- 3.5 These factors are interrelated, with, for example, the vulnerability of a local town centre being a product of existing viability, the cumulative effect of recent developments and the scale of a proposal relative to its size.
- 3.6 The Council intends to maintain the existing Local Plan’s 400 sq m threshold (gross external) for an impact assessment. This equates to the size of a unit which is of the scale likely to equate to a ‘large shop’ in terms

of the restrictions for Sunday trading. This threshold is explained in paragraph 31.3.8 of the Publication Policies (SUB5):

“The Council recognises that smaller scale parades of shops or isolated shops also have a role in serving the needs of residents across the borough. Out of centre units with a gross floor area of less than 400sq.m are likely to have a convenience function as are of a scale which often equate to a ‘local’ format small supermarket. These are of a size which is usually to be considered a ‘small shop’ with regard to the restrictions for Sunday Trading (280sq.m (net)). Such units are unlikely to have a detrimental impact on the health of adjoining centres. Given the nature of the borough’s retail sector and the tightly knit network of centres across it, the Council is concerned that proposals that include a net increase of more than 400 sq m (gross external) retail floorspace may have the potential to cause harm. A retail impact assessment will allow the Council to assess each such proposal on its merits. The nature of the assessment should be proportionate to the scale of the development proposed.”

The scale of proposals relative to town centres

- 3.7 The Council recognises that the default 2,500 sq m threshold may be appropriate in areas of the country which may have a small number of medium or large centres. Even in the Borough, new retail development with a floor area of say 1,500 sq m is unlikely to have a detrimental impact on the ongoing viability of a large centre of the size of the King’s Road, for example. However, the 400 sq m threshold is intended to allow the Council to consider possible impact upon the network of smaller neighbourhood centres across the Borough. As well as the ten larger or ‘higher order town centres’ within the Borough which form part of the London Plan’s hierarchy of centres, the Borough contains 36 neighbourhood centres.
- 3.8 The Council notes that all of these neighbourhood centres are important in meeting the day-to-day needs of the Borough’s residents and in the creation of walkable neighbourhoods. “Keeping Life Local” is a well-established strategic objective (CO1) for the existing Local Plan (SUB3) and is the title for Chapter 30 which contains other policies for local shopping, other facilities and walkable neighbourhoods. Chapter 30 is not part of the scope of the Partial Review.
- 3.9 The importance of neighbourhood centres is also confirmed by the Mayor of London’s Town Centres SPG (July 2014)² (paragraph 1.1.17) which shares the Council’s view that such centres are “key shopping areas”. As such any development which would harm the function of these smaller neighbourhood centres would be regrettable.
- 3.10 The Borough’s neighbourhood centres themselves vary in scale. Golborne Road contains more than 100 units, with others such as Gloucester Road

² www.london.gov.uk/what-we-do/planning/implementing-london-plan/supplementary-planning-guidance/town-centres

(North) and Holland Park Avenue some 60 units. However, the majority of the Borough's neighbourhood units are small in scale. Twenty-three of the centres have a total floor area close to, or less than 2,500 sq m. Fifteen have a floor area of less than 1,500 sq m. The floorspace of the Borough's twenty-five smallest neighbourhood centres are shown below:

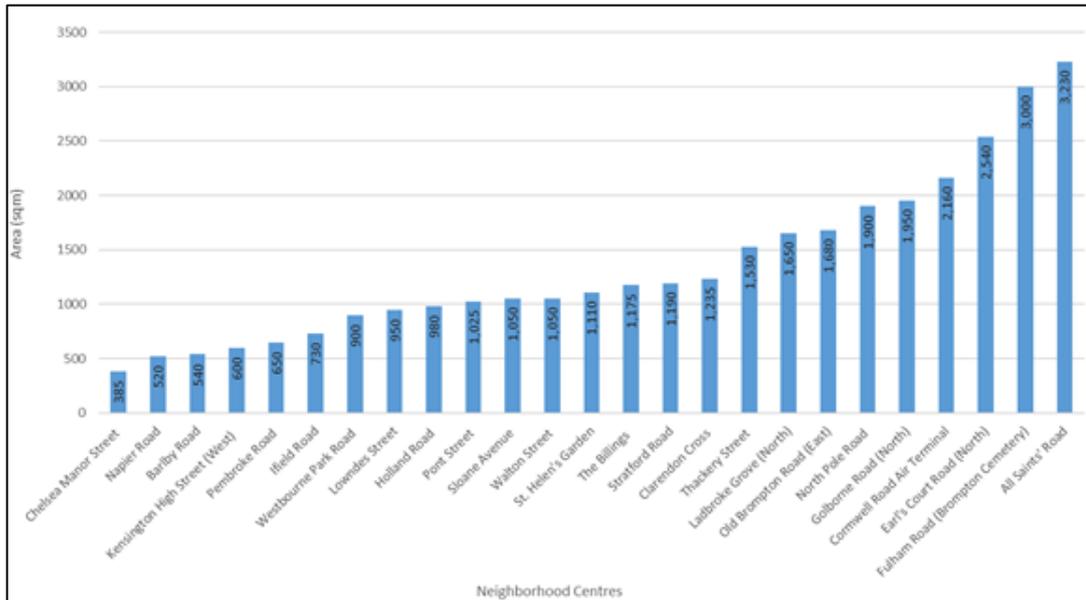


Figure 1 of Q 3: Size of Boroughs smaller town centres (sq m)

- 3.11 The Council is concerned that the creation of unrestricted retail development with a floor area of 2,500 sq m, the default NPPF threshold, could have a detrimental impact on these centres. In many cases, such a development would be a number of times that of an existing centre, and could have a seriously detrimental impact on a centre.
- 3.12 The 400 sq m threshold would ensure that any potential impact could be properly assessed so that the vitality and the viability of the neighbourhood centres is not harmed. Paragraph 31.3.8 of the Publication Policies (SUB5) is explicit in that “*The nature of the assessment should be proportionate to the scale of the development proposed.*”

The existing viability and vitality of town centres / whether local town centres are vulnerable

- 3.13 The health of the Borough's larger town centres is the subject of the Mayor of London's Town Centre Health Checks (TCHCs). The TCHC Analysis Report was published in 2018³. This does not recommend any reclassifications for any of the Borough's larger centres. In addition, vacancy rates, a good indicator of the health of a centre, are monitored for all the Borough's centres on an annual basis. Those centres with a vacancy rate more than 5% are presented below.

³ 2017 London Town Centre Health Check Analysis Report (Jan 2018)

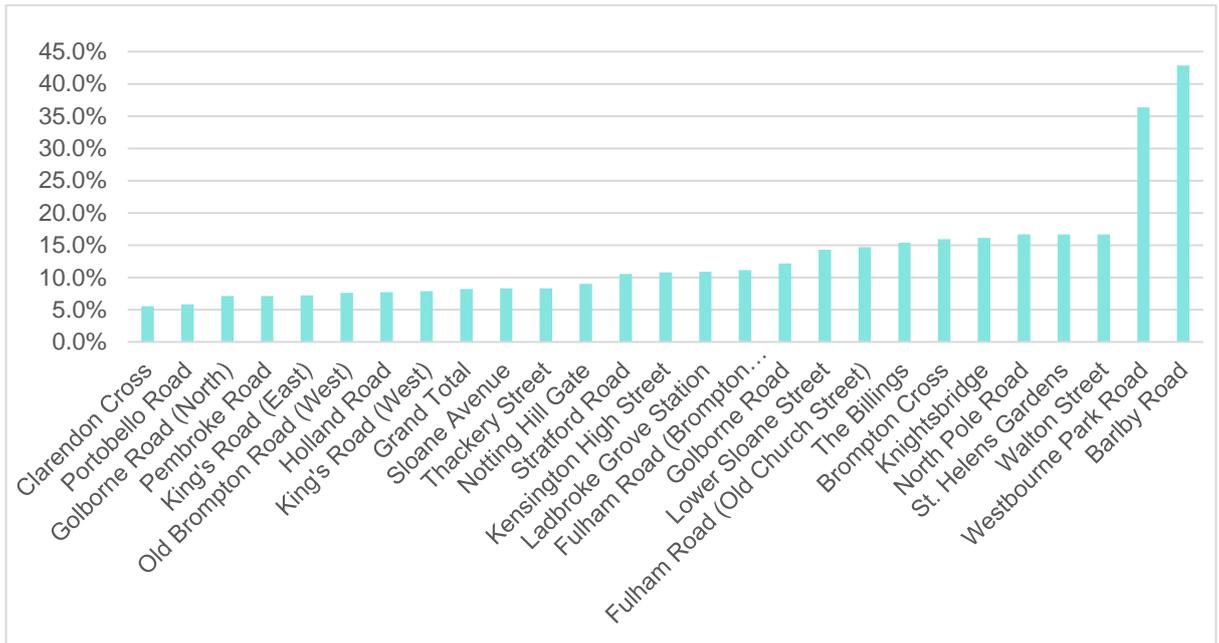


Figure 2 of Q 3: Vacancy Rates of centres <5% 2017

3.14 The overall vacancy rate in the summer of 2017 was 8.3%, a little above the London average of 7.5%⁴, the Council is concerned that the vacancy rate has increased from 6% in 2014. Perhaps of greater concern is the high vacancy rate in some of the centres, with thirteen centres having vacancy rates of 10% or more. These are not concentrated within any particular part of the Borough, and are the Barby Road, Brompton Cemetery, Golborne Road, Ifield Road, Ladbroke Grove Station, Lower Sloane Street, North Pole Road, St Helen's Gardens, Stratford Road, The Billings, Walton Street and Westbourne Park Road Neighbourhood Centres.

3.15 The Council's update to the RLNS (April 2016, SUB33) is useful as it demonstrates the degree of uncertainty that is inherent in the predictions of future retail need. In 2008 the original RLNS predicted a need for 145,000 sq m of comparison need to 2028. The 2016 update dramatically reduces this estimate, to just 700 sq m to 2023, or 21,000 sq m by 2028. Whilst the Council will always be cautious about the reliability of long term retail forecasts (and hence being concerned with predictions to 2023 only) such a reduction is telling. It demonstrates that Kensington and Chelsea is not immune from the changing nature of the retail market. The reduction in retail need is a reflection of a number of factors, including the greater than expected drop in local expenditure, the impact of the expansion of the Westfield centre at Shepherds Bush, and the greater than expected growth of special forms of trading.

3.16 Taking the precautionary principle would always be advisory, but particularly in the current climate of the rapidly changing nature of retailing.

⁴ Local Data Company (Sept 2017)

The further (consented) expansion of the nearby Westfield shopping centre, a further economic dip or an increase in special forms of trading could all have a future impact upon retail need, and hence upon the vitality of the Borough's centres.

3.17 As noted in the supporting text to CF1, a small retail unit outside of a town centre is more likely to serve a convenience than a comparison retail function. As such the 400 sq m threshold would support the provision of convenience retailing, the type likely to serve a local need. The RLNS recognises that there is a modest need for convenience floorspace, or 9,000 sq m to 2023. As such it is reasonable to conclude that a small unit which is likely to primarily serve a convenience function is unlikely to have a detrimental impact on the vitality of adjoining centres. The provision of a larger amount of floorspace, with a significant element of comparison floorspace, is likely to have a detrimental impact, and it should be possible to assess this.

Cumulative effects of recent developments

3.18 The RLNS takes account of a number of large scale retail commitments implemented since 2008, as well as a number of proposals in the pipeline. These include the expansion of Westfield and Brent Cross as well as the new High Street at Earl's Court and the development of Battersea Power Station. None of these sites lie within the Borough (Earl's Court straddles LBHF and RBKC but the High Street element is in LBHF). These recent developments are one of the reasons why additional retail need within the Borough has been reduced so dramatically.

3.19 Net A1 completions within the Borough since the introduction of the 400 sq m threshold in 2010, have been modest, as set out in Table 1 of Q 3 (from Table 5.3 of the Monitoring Report 2017). In this period, there has only been a net increase of completed floorspace of 2,160 sq m. This demonstrates the lack of vigour within the retail sector, with limited A1 floorspace coming forward.

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Net change	2,870	-1,123	1,000	-2,442	2,891	-769	6,613	-1,097

Table 1 of Q 3: Retail (Class A1) completions 2008/09 to 2016/17 (sq m)

3.20 The lack of floorspace being completed is not a reflection of the Council refusing such applications, but rather the market delivering what is appropriate.

4. **Is Policy CF3 positively prepared, justified and consistent with national policy in respect of its approach to non-A1 uses within existing town centres? In particular:**
 - a. **Is the resistance to changes of use from Class A1 to Class A2 uses in paragraph 31.3.30 consistent with the GPDO?**

Proportion of non-A1 uses within town centres

- 4.1 The NPPF is clear in that Council's should "*define the extent of town centres...and set polices that make it clear which uses will be permitted in such locations.*" (third bullet of paragraph 23.) Annex 2 of the NPPF includes definitions of primary and secondary frontages: "*primary frontages are likely to include a high proportion of retail uses which may include food, drinks, clothing and household goods. Secondary frontages provide greater opportunities for a diversity of uses such as restaurants, cinemas and businesses.*"
- 4.2 The NPPG on Ensuring the Vitality of Town Centres confirms the position set out within the NPPF, reaffirming the need to ensure the vitality of town centres by "*considering the most appropriate mix of uses To enhance overall vitality and viability.*" (2nd bullet of 2b-003-20140306)
- 4.3 As such it is a well-established principle that it is reasonable for a Council to set out what it considers to be the appropriate mix of uses in different parts of its town centres.

Estate agents

- 4.4 In paragraph 31.3.19 of the LPPR the Council is explicit that since 2015 and the amendment to the GPDO "*ordinarily planning permission is no longer required for a change of use of a shop to an estate agent.*" However, it is important to note that such a change of uses remains "development". It is just development which is ordinarily "permitted" by the GPDO.
- 4.5 In addition, paragraph 31.3.30 does not suggest that the Council will resist the loss of shops to estate agents, merely to note that the Council may do so when; firstly, it has the power to do so; and secondly such a change of use will harm the character of the area.
- 4.6 At some date in the future the Council may decide that the ongoing loss of shops to estate agents have reached a tipping point and that such changes of use should be assessed against the policies within our development plan. At this point the Council can make an Article 4 Direction if it is satisfied that such a direction is necessary to "*protect local amenity or the well-being of the area*" and that the direction the will address a "*potential harm*" (13-038-20140306 of the NPPG).
- 4.7 Without a clear policy framework it may prove difficult to make such a Direction, as a lack of policy (and supporting text) would suggest that the loss of shops to estate agents will never be problematical. This is not the

case. An over concentration of such uses can weaken the retail function or the vitality of a centre. Policy CF3 provides the criteria by which the Council can judge whether a development will have a detrimental impact on this function.

b. Is the reduction to 50% of units remaining within A1 use in secondary frontages justified by the evidence?

4.8 The Council recognises that we are living in a period of rapid change in the retail sector. This has changed, and continue to change, the character of our town centres.

4.9 The Council’s RLNS indicates that whilst retail expenditure is likely to continue to grow, this growth is unlikely to be at a pre-2008 recession level. The study does not consider the still yet uncertain impact of Brexit. The RLNS notes that “*low expenditure growth and deflationary pressures ... have had an impact on the high street in the last few years.*” (paragraph 2.10). The study goes on to note that, in common with the rest of the country, vacancy rates in the Borough’s town centres have increased since the 2008 recession. This is confirmed by the Council’s own figures, based upon our own annual town centre surveys, which show an inexorable increase in vacancy rates within the larger of centres since 2010. These are set out in figure 1. of Q 4 below.

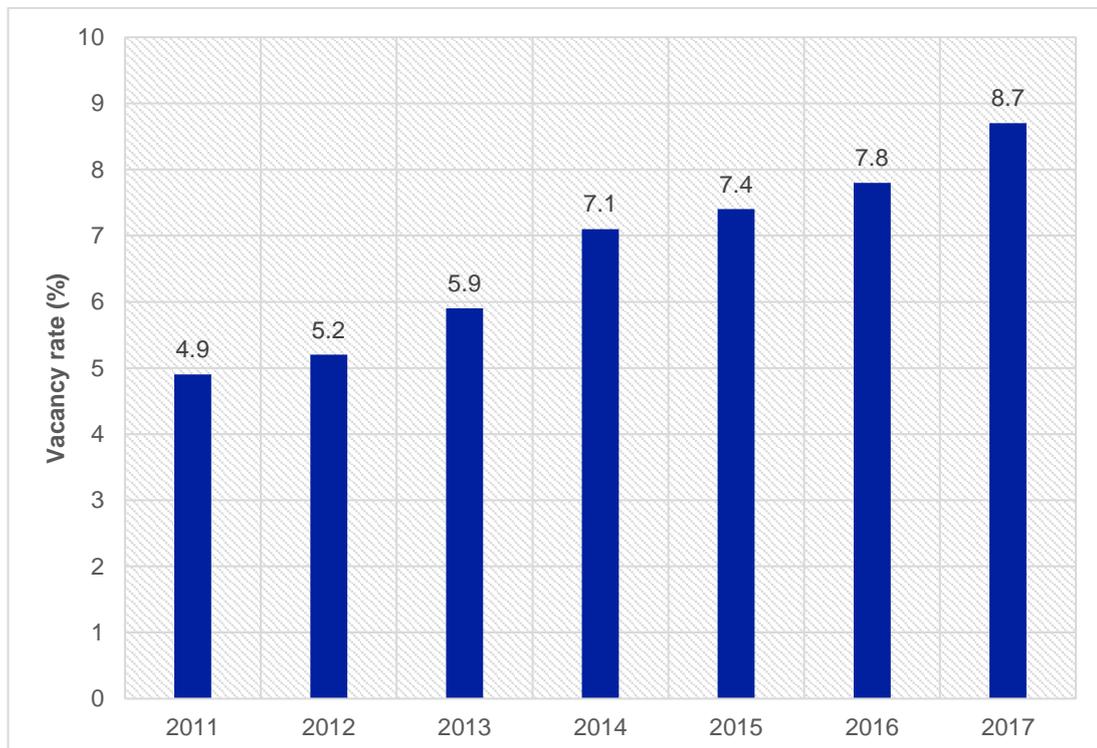


Figure 1 of Q 4: Vacancy rates, Higher Order Town Centres
Source RBKC AMR 2017

4.10 The RLNS also recognises that new forms of retailing will have implications for retailing within the Borough. Of particular interest is the increase in

home/ electronic shopping and the growth of multi-channel retailing. These may reduce the need for bricks and mortar units in the high street. The Mayor's Comparison retail⁵ report estimates that the rise in internet shopping will increase further, from the 15% (to 2028) estimate used by the Council's own RLNS to 25.1% (to 2026).

4.11 The need for existing retail floorspace has also been impacted by increases in retail productivity as retailers compete to reduce their cost base and increase their sales.

4.12 In addition, the nature of some smaller centres has changed, with larger shopping chains consolidated into a small number of larger centres.

4.13 These changes are well reported, and mean that existing centres must evolve if they are to remain relevant to those they serve. This is summarised succinctly in paragraph 2.31 of the RLNS.

“Shopping behaviour will continue to change and the High Street will need to continue to respond. All town centres will need to focus on the advantages they have over other forms of multi-channel shopping, for example using the internet as an extended shop window, click and collect facilities and providing a combined retail and leisure experience. There will always be demand for a day out and customers cannot eat or drink on-line.”

4.14 The predicted slowdown in retail need which has been caused by these changing retail patterns have been quantified by the RLNS. The borough-wide need is just 9,700 sq m to 2023. This a dramatic reduction in an estimate made in 2008,⁶ which suggested a need of 145,000 sq m of convenience floorspace to 2028. This shows both the unpredictability and the current pressures of the retail market.

4.15 The Mary Portas review of the High Street⁷ advocates a range of policy responses to help regenerate retail centres. Her vision is to *“re-imagine [high streets] as destinations for socialising, culture, health, wellbeing, creative and learning.”* She suggests that high streets *“should become places where we go to engage with other people in our communities, where shopping is just one small part of a rich mix of activities.”*

4.16 The Council, through the Core Strategy, and now the Local Plan, has long recognised the need for this diversity within the larger town centres. This is explained in paragraph 31.3.25 of the Publication Policies (SUB5)

“It is important to keep concentrations of shops together at the heart of a town centre to make it easy to compare goods between retailers. This ‘critical mass’ of shops is necessary to encourage shoppers into a centre and to encourage its vitality. Town centres are, however, about more than just shopping. They are the preferred locations for other town centre uses, which support the borough’s function as a place to live and which to work,

⁵ [Consumer Expenditure and Comparison Goods Floorspace Need study \(2017\).](#)

⁶ Royal Borough of Kensington and Chelsea, Retail and Leisure Needs Study, Nathaniel Lichfield and Partners (July 2008)

⁷ [The Portas review: the future of our high streets. \(December 2011\)](#)

and uses such as restaurants and bars, which draw people into the centres and encourage them to linger. These supporting uses can play an important role in ensuring that a centre offers something that the internet cannot.”

- 4.17 The Council’s approach has been to maintain a high proportion of shops in primary frontages, but to allow a greater degree of flexibility within the secondary frontages. The current Core Strategy will only support the loss of an A1 unit where 60% of the remaining units are shops. The LPPR decreases this figure to 50%.
- 4.18 The intention is twofold: to ensure that these secondary shopping areas do maintain a shopping function, but also to offer a little more flexibility and to allow a greater diversity of town centre uses in the secondary shopping areas. This approach is intended to encourage people to the centres by offering them something more than shops. In Portas’ parlance, to help create centres where *“shopping is just one small part of a rich mix of activities”*, or to quote NLP in RLNS, *“to ensure that a centre offers something that the internet cannot.”*
- 4.19 These uses may attract more people into our centres, offer opportunities for a break, which in term will increase dwell time, encourage further shopping and to give further life and vitality in our centres.
- 4.20 The Council does recognise that the proposed changes are modest in nature. They only affect the secondary frontages of our largest centres. Primary shopping frontages and all of our smaller neighbourhood centres will be unaffected.
- 4.21 The actual potential impact will be small, when one considers the current mix of uses within each parade of the Borough’s larger centres. Using the Council’s town centre survey (summer 2017), the proposed 50% threshold could potentially see the loss of 108 units across all larger centres to a non-shop town centre use. This compares to a loss of 44 units under the current 66% threshold. Both figures will be an overestimate as they consider the proportion of non-shop uses in each parade only. It does not consider the position of such units in each parade. As such the change of uses of policy has a maximum potential impact of just 62 units. This equates to 2.8% of units in our larger centres. Table 1 of Q 4 below sets out the potential difference by centre. The data set is included as EX008.

Centre	Potential loss (66%)	Potential loss (50%)	Difference
Brompton Cross	4	13	7
South Kensington	2	4	2
Fulham Road (West)	2	4	2

Centre	Potential loss (66%)	Potential loss (50%)	Difference
King's Road (West)	0	6	6
King's Road (East)	16	26	10
Kensington High Street	6	15	9
Knightsbridge	2	6	4
Notting Hill Gate	8	20	12
Portobello Road	4	14	10

Table 1 of Q 4: Potential impact of amendment to LPPR Policy CF3.

- 4.22 The proposed amendment is unlikely to have a dramatic impact on the character of the Borough's larger centres. However, it should help support the creation of more supporting town centre uses without having a significant impact on the retail function of these centres.

Business Uses (Policies CP1 and CF5)

- 5. Does the RBKCCLRR make adequate provision to meet the need for additional office floorspace identified in Policy CP1? If not is this justified and consistent with national policy? How would any shortfall be addressed in the Plan?**

- 5.1 The Council is satisfied that it has made adequate provision to meet the need for additional office floorspace over the plan period. This is a due, in part, to a "re-setting" of need over the plan period, as well as an increasing positive office market and office pipeline.

Recalculation of need

- 5.2 This recalculation of need is not a reflection of any softening of the Borough's office market, or a prediction that less additional office floorspace will be needed over time. Rather it is a reflection of the methodology by which need is calculated.
- 5.3 The predictions of need, as set out in respective London Office Policy Reviews (LOPR), remain stable at 46,000 sq m (2014 to 2028) in the 2015 LOPR and 45,000 sq m in the 2017 LOPR (EX006). Both figures are pro rata.
- 5.4 At submission the Council had calculated an under supply of office floorspace of 86,634 sq m. This was the figure addressed as part of the Council's response to the Inspector's initial questions in June 2017.
- 5.5 This under supply was a reflection of the net demand, the actual net loss of

floorspace that has occurred between 2011 and 2015, and which needed to be made up for the net demand could be addressed, as well as the net change in office floorspace in the pipeline. This is set out in table 1. of Q 5, reproduced from the ELNA (SUB40) below.

	Floorspace change	Sq m
(1)	DEMAND	
(2) from forecast	Net demand (net take up)	46,240
(3) from LDD	Actual net floorspace change 2011 – 2015	-76,937
(4) = (2) – (3)	Net demand 2014 - 2028	123,177
(5) from LDD	Committed losses (permitted for release to other uses)	-26,376
(6) from site inventory	Further losses	0
(7) = (4) + (5) + (6)	Gross demand	149,553
(8)	SUPPLY	
(9) from Agents	Surplus vacant floorspace	0
(10) from LDD	Outstanding permissions (gains)	52,919
(11) from Local Plan	Outstanding allocations (gains)	10,000
(12) = (9) + (10) + (11)	Committed gross supply	62,919
(14)	FORECAST MARKET BALANCE	
(15) = (12) – (7)	Over (under) supply	-86,634

Table 1 of Q 5: Forecast Market Balance (June 2017)

- 5.6 Of particular significance in this context is the level of actual net B1(a) floorspace that had been lost between 2011 and 2015, 2011 being the base date for the 2015 LOPR. At 76,937 sq m this was a significant figure. So, at submission, the net demand for office floorspace between to the end of the plan period was 123,177 sq m. After taking committed losses and committed gains (including allocations) into account this translated to an under supply of 86,634 sq m.
- 5.7 With the publication of the LOPR in 2017, the situation has changed. The forecast net demand (from the LOPR) is similar at 45,000 sq m to 2028. However, what is significant is that the base date for the 2017 LOPR is 31 December 2015. So before demand can be met the Council must make up any loss that has occurred since December 2015. This is modest, at just 2,150 sq m. (This data was reported in the 2017 AMR, with completions being monitored as of March 31st 2017). In particular the loss of the 50,000 sq m at the former Charles House site are no longer in the equation, being

completed early in 2015.

- 5.8 As such the Borough now has a net demand (forecast demand and actual floorspace) of 47,118 sq m rather than that of 123,177 sq m at submission.

Pipeline

- 5.9 On top of a more modest net demand to 2028, is a healthy amount of B1(a) floorspace in the office pipeline. The overall market balance as per the current time (accounting for the 2017 LOPR and the most up-to-date AMR). The forecast market balance is set out in table 2 of Q 5 below.

	Floorspace change	Sq m
(1)	DEMAND	
(2) from forecast	Net demand (net take up)	44,967
(3) from LDD	Actual net floorspace change 2016-17	-2,151
(4) = (2) – (3)	Net demand 2016 - 2028	47,118
(5) from LDD	Committed losses (permitted for release to other uses)	24,494
(6) from site inventory	Further losses	0
(7) = (4) + (5) + (6)	Gross demand	71,612
(8)	SUPPLY	
(9) from Agents	Surplus vacant floorspace	0
(10) from LDD	Outstanding permissions (gains)	74,461
(11) from Local Plan	Outstanding allocations (gains)	10,000
(12) = (9) + (10) + (11)	Committed gross supply	84,461
(14)	FORECAST MARKET BALANCE	
(15) = (12) – (7)	Over supply	12,849

Table 2 of Q 5: Forecast Market Balance (December 2017)

- 5.10 The current pipeline, that is committed losses, outstanding applications (gains) and outstanding allocations, is 59,967 sq m. This presents a nominal oversupply of 12,849 sq m.
- 5.11 This is encouraging, and does reflect what appears to be the recent health of the borough's office market, a health reflected by a current availability rate of just 2.7%.⁸ The Council's AMR has reported a net increase of B1(a) office space, permitted, of 22,678 sq m in 2015/16 and of 11,295 sq m in

⁸ Frost Meadowcroft, market update. Q4 2017. (January 2018)

2016/17.

5.12 The Council does expect, with some degree of certainty, those permissions which are already under construction to be implemented. As per the 2018 AMR this equates to a net increase of 26,696 sq m.

5.13 However, caution is required due to the reasons set out below:

- The oversupply is extremely modest. At 12,849 sq m it equates to just 1,000 sq m pa over the lifetime of the plan. Furthermore, it is less than 1.7% of the estimated office stock of 758,000 sq m.
- Despite a strong policy presumption against the loss of offices since the adoption of the Core Strategy in 2010 the Council has presided over an ongoing year on year loss of office floorspace. These (completed) losses are set out in Figure 1.9 below. One should take 2015/16 out of the equation, as this loss is largely due to the completion of the large Charles House scheme, a proposal that had started life before 2010. The other modest losses reflect an approach whereby the loss of some offices continue to be acceptable, where to other valued non-residential uses.
- Past evidence would suggest that not all business permissions are implemented. In this context, construction has yet to start on 23,068 sq m of floorspace (net).

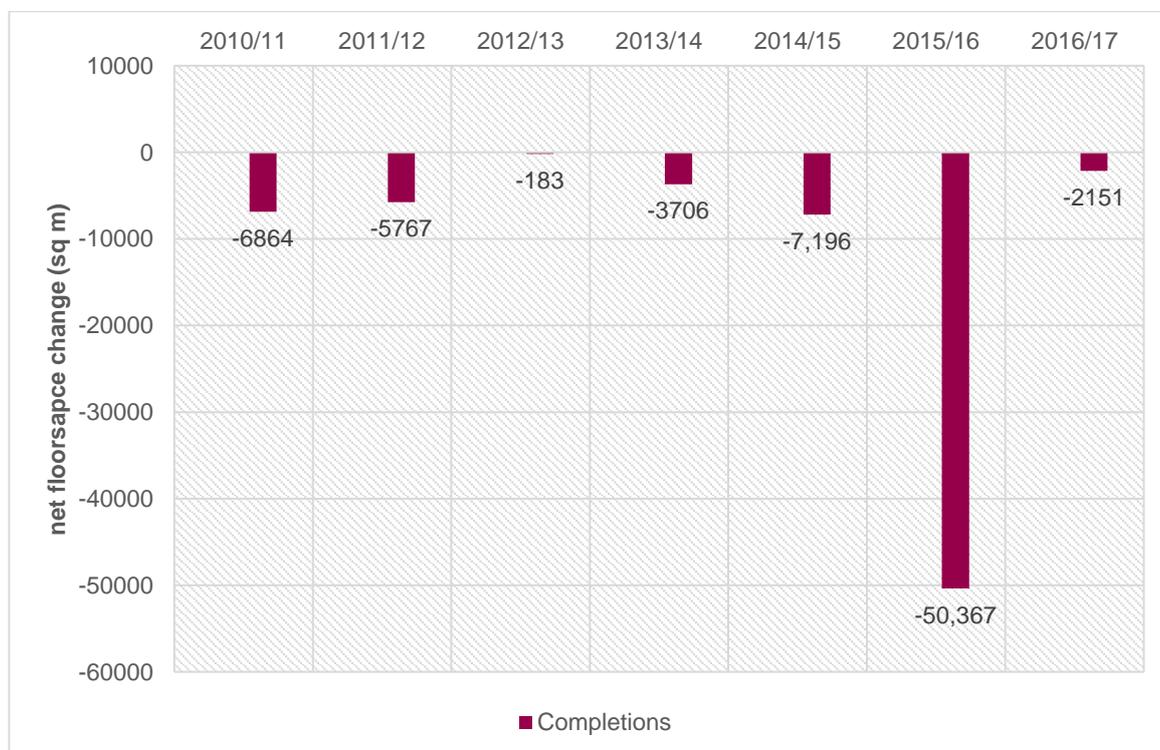


Figure 1 of Q 5: Net change in B1(a) office floorspace (completed) 2010/11 to 2016/17

5.14 Any “oversupply” will be a material consideration when considering any appropriate applications. If it becomes a real issue it can be addressed by a later review. In addition caution is needed as the nature of the LOPR predicted office need is such that further supply can lead to an increase in demand. The LOPR calculates need through what it terms a triangulation method. It is, in part a “gravity model” as does include an analysis of past trends. In essence the greater the past supply the greater the future need.

6. Are the restriction on the loss of office space throughout the borough in Policy CF5 justified by the evidence and consistent with national policy and the London Plan?

6.1 There is a presumption within the submission Local Plan against the loss of office floorspace. This is articulated by Policy CF5. This policy also sets out a number of exceptions where the loss of office space may be acceptable. This includes:

- where the office is within an Employment Zone and being replaced by a light industrial use, workshop or other uses which supports the character and function of zone;
- where the office is within a town centre and being replaced by a shop, by a social and community uses, or by another town centre use where this allows the expansion of an existing adjoining premises.

6.2 The protection of office floorspace is a policy approach which dates to 2010 and the adoption of the Core Strategy. The principal difference between the 2010 Core Strategy and the Local Plan before the Inspector is that the Council now seeks to protect all office floorspace (subject to the exceptions set out above). The 2010 Core Strategy did not seek to protect larger offices outside the Employment Zones, town centres or “other accessible areas”. An accessible area is one with a Public Transport Accessibility Level of 4 or more. The vast majority of offices lies within these protected areas.

6.3 The Council has commissioned, and published, various strands of evidence which would support this approach. These are summarised in the Council’s Employment Land Need Assessment (SUB40) and again in the Policy Formulation Report for Fostering Vitality (SUB31).

Forecast need

6.4 As set out in the answer to question 5 (above) the GLA, through the respective London Office Policy Reviews, have forecast an ongoing need for a significant amount of net new office floorspace over time. This need can only be met if existing office floorspace is protected.

6.5 The London Office Policy Review (2017) (EX006), published after the submission of the LPPR, offers a range of estimates of office need over time. This reflects a number of possible scenarios. Figure 9.14 includes what the authors of the LOPR 2017 term a “composite of trend based and

employment-based office floorspace projection” for each borough for the period 2014-41. This projects a borough need of 93,700 sq m. When taken on a pro rata basis, this is the equivalent of a need of 44,976 sq m for the plan period, 2016 to 2028.

- 6.6 The authors of the LOPR 2017 do recognise some uncertainty, from internet shopping to macro forecasting. As such they offer a number of methodologies by which to predict future need. These produce a range of need for London of between 3.41 million sq m 7.87 million sq m. (Figure 9.25 of the LOPR 2017). The Draft London Plan refers to a range of between 4.7 and 6.1 million square metres of office demand 2016 to 2041. (Table 6.1) The composite trend forecast used by this borough lies at the lower end of this range. This cautious approach taken by the Council is appropriate. Whilst there is a large difference between the trend based and employment predictions for office need across London as a whole (between 3.4 million and 6.1 million) the variation is much less in this borough, at just between 83,700 sq m and 93,700 sq m.
- 6.7 Notwithstanding the variations of forecasts there is little doubt that there is a need for additional office floorspace over the lifetime of the plan. This need can only begin to be met if the Council first halts the loss of existing floorspace.
- 6.8 The Council only began to resist the widespread loss of office floorspace with the 2010 Core Strategy, and it is only in recent years that permissions for new office floorspace is out stripping the loss of existing. This is illustrated within the Council’s 2018 AMR, which has considered both permissions and completions over time.

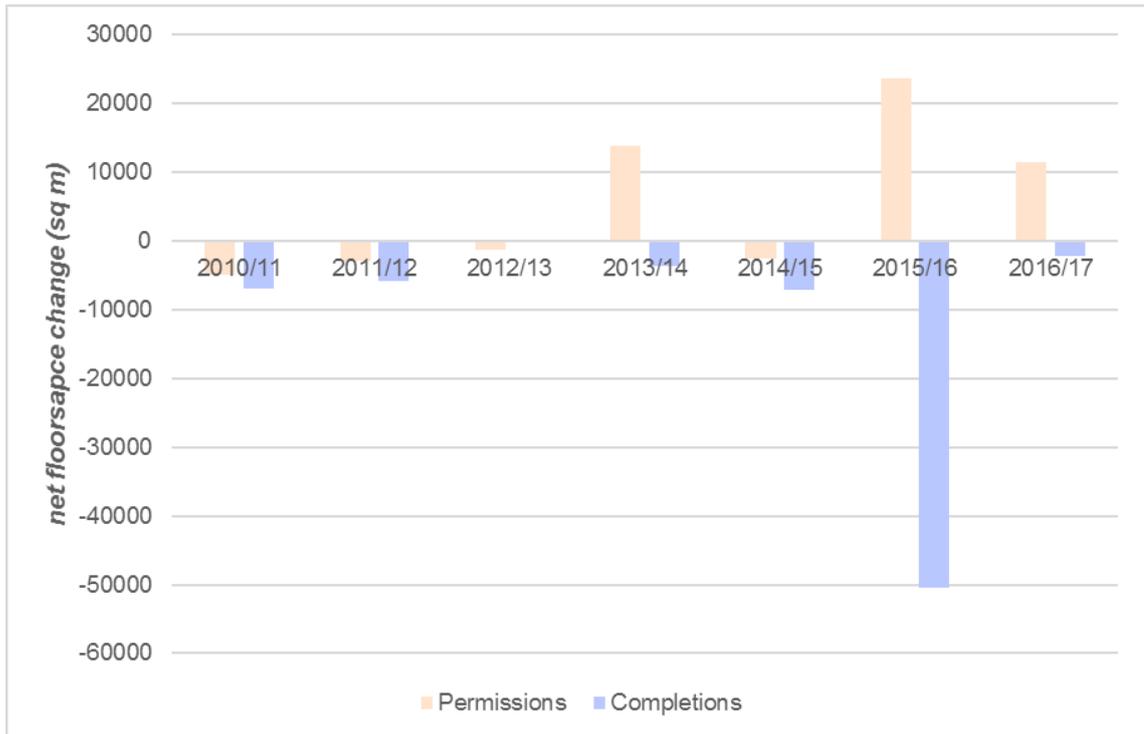


Figure 1 of Q 6: Office permissions and completions 2010/11 to 2016/17

6.9 The ability of the Council to meet the need for additional office floorspace is address in some detail in response to Inspectors question 5 (above.)

Local property market

6.10 As important as London-wide and Borough forecasting of need is the nature of the Borough’s office market. The Council has commissioned its own evidence in this regard. This demonstrates the health of the Borough’s office market and the import role that it plays to the local, and to the wider economy.

6.11 Local agents, Frost Meadowcroft carried out an “Office Market Review”⁹ in 2014 on behalf of the Borough (SUB37). This concluded that, “*the levels of demand show that there is an availability shortfall [of office floorspace] and that the Borough clearly requires further stock to meet this demand.*” (paragraph 7.1.6) They go on to state that, “*if the policy [to meet the office need target] is to be met the Council should consider methods of encouraging additional office development and retaining existing stock.*”

6.12 Frost Meadowcroft also looked at the viability of Latimer Road as an office location in 2015¹⁰. (SUB38) The 2014 and 2015 reports looked at availability rates in some detail. Availability of business premises is a useful indication of the relative health of the market, and whether the demand and supply of the office stock is in balance. High availability rates, significantly

⁹ Office Market Review and Viability in the Royal Borough of Kensington and Chelsea, Frost Meadowcroft (2014)

¹⁰ Latimer Road Commercial Property Study, Frost Meadowcroft (2015)

above the 8% level expected for natural churn, suggest an under provision of such premises. The LOPR 2017 elaborates.

“In previous reports the 8% availability rate has been regarded as a pivotal measure for the London office market. Rates above 8% are regarded as offering occupiers a wider choice of accommodation, and the associated tendency for rents to fall at this level, especially when availability has been on a rising trend and wider choice (and less competition for space) has been anticipated. Conversely, if availability rates fall below 8%, then there is a tendency for rents to rise, reflecting a narrowing choice of accommodation.” (Paragraph 5.2.2)

6.13 The key findings from the 2015 report (section 3.2), and repeated in the ELNA background paper, include:

- Availability rates in the western fringe of the London Market (the market in which this Borough lies) were just 1.6% in 2014 (Q3). In 2015 it had dropped to 1.3%. The current level (Q4 2017) is just 2.8%. These are historically low levels.
- These low availability levels reflect a shortage of office space and a local of new office space coming into the market.
- The combination of high office demand and low supply has rusted in the fastest rent and capital gains from offices since the late 1980s.

6.14 Figure 2 of Q 6 is reproduced from the Frost Meadowcroft Study of 2015. It shows availability and vacancy rates over time.

6.15 For context, office supply in Q4 of 2017 for Hammersmith and Fulham is currently 10.9%, Chiswick is 13.3% and Paddington is 4.7 %.

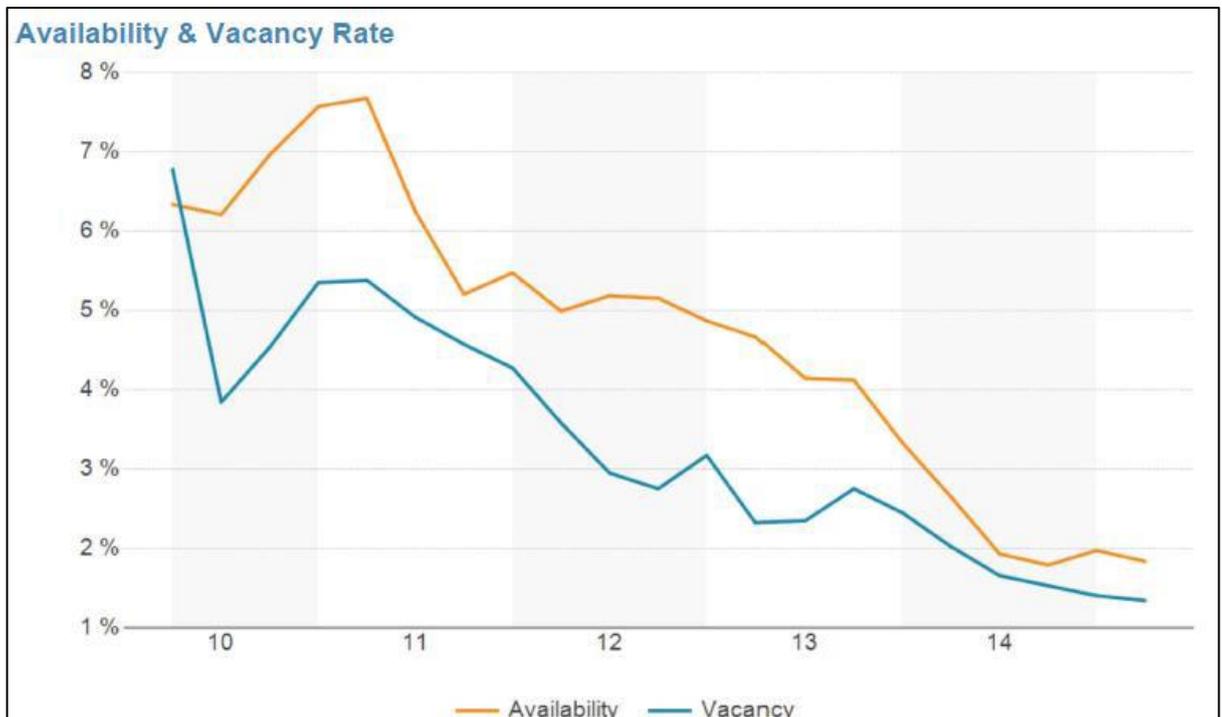


Figure 2 of Q 6: B1(a) availability and vacancy rates for RBKC, 2010 to 2015

- 6.16 The Council recognises that actual, rather than predicted or macro, office demand is hard to quantify accurately as is most effectively measured by transaction data. However, in its 2014 report Frost Meadowcroft did quantify this demand for different sizes of office premises. Key findings included:
- For the year preceding 2014 there was a high level of demand for office floorspace across the Borough, or a leasehold demand for 345,900 sq m.
 - Of this figure over 68% (234,000 sq m) was potential occupiers seeking space over 1,000 sq m.
 - The most popular size for businesses looking in the Borough comes from tenants already in the Borough and looking for units between 100 and 200 sq m.
 - The pressure on office stock from owners using their permitted development rights in neighbouring boroughs (and in particular in Hammersmith and Fulham) has increased demand in the Royal Borough.
- 6.17 Whilst this data is perhaps a little long in the tooth, there is no suggestion that the market has inherently changed. Low availability rates indicate that demand remains high. Indeed, it is for the Plan to plan for the whole cycle and not merely at a particular point of the cycle. The protection of offices would remain an imperative even were vacancy rates to increase significantly. The long term protection of office floorspace should only be avoided “*where there is no reasonable prospect of a site being used for that purpose.*” (paragraph 22 of the NPPF.)

Viability

- 6.18 The Council remains committed to protecting its remaining stock of business premises. The NPPF is clear: 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 (paragraph 22).
- 6.19 To inform this policy approach, the Council has commissioned two studies to consider the viability of the employment sector across the Borough, and a further study to assess the viability of the office sector within the northern part of the Latimer/ Freston Road Employment Zone.
- 6.20 Each takes a slightly different approach. The Council’s Commercial Property Study¹¹, undertaken by Peter Brett Associates (PBA) and published in 2013, considers each of the main office locations in turn; the amount of office floorspace provided, the vacancy rates and the rental levels achieved. A brief summary of the conclusions for each area is set out in table 1 of Q 6 below.

¹¹ RBKC Commercial Property Study, Peter Brett Associates, 2013

	Office floorspace (sq m)	Vacancy rate	Comments
<i>Town Centre</i>			
Kensington High Street	130,000	2%	The area's office stock is well occupied and financially healthy.
Notting Hill Gate	16,000	9.5%	Existing offices are in demand and viable
Knightsbridge	20,400	9%	Knightsbridge is a tight office market. The viability of both existing offices and new office development is high.
King's Road	37,250	2%	The stock is financially viable, well occupied and suitable for the market it serves.
South Kensington	40,000	1%	Vacancy is very low and rents are high. Maintaining the existing stock is financially viable.
Earl's Court	11,400	13%	Earl's Court is a very secondary office location. There is no huge demand for the current accommodation in this area as the location is marginal compared to others.
<i>Employment Zone</i>			
Latimer/Freston Road	27,500	4%	The office market is tight, with high occupancy and high rents.
Kensal	12,700	7.5%	Well occupied and financially viable.
Lots Road	32,000	2%	Very well occupied, useful and financially viable. No indication that any of it is surplus to requirements.

Table 1 of Q 6: Nature of office market in The Royal Borough of Kensington and Chelsea. Source: RBKC Commercial Property Study, Peter Brett Associates, 2013.

- 6.21 PBA concludes that “*the bulk of the space provided in the Employment Zones and town centres is fit for purpose the space is well occupied and well maintained and achieves sustainable rent levels.*” It does, however, point to two exceptions, the north of the Latimer Road/ Freston Road Employment Zone and the existing offices at Earl's Court. They were of the view that as of March 2013, the Latimer Road area required further investment if viability was to be ensured.
- 6.22 The second report, an Office Market Review undertaken by Frost Meadowcroft, was published in August 2014, a year further into the economic recovery¹², and concentrates on the viability of bringing office premises up to modern standards. It looks at the various sub-markets with

¹² Office Market Review and Viability in the Royal Borough of Kensington and Chelsea, Frost Meadowcroft, 2014

the Borough and the different types of property within these sub areas. It then makes an assessment as to the viability of the business uses using an “investment value appraisal”. This assessment concludes that in all the properties assessed, the “*property benefitted from a net increase in asset value after allowance for associated costs*”, were the business floorspace to be brought up to modern occupier standards.

6.23 The study also considered the viability of the investment required in cash terms to bring the property up to the necessary standards. The investment was taken to be viable where the uplift in value was likely to be greater than 10% of the capital employed. A summary of the conclusions is included in table 2 of Q6 below.

	Mixed use	Purpose built (under 3,000)	Purpose built (over 3,000)	Converted buildings	Warehousing/light industrial	Serviced offices
North Kensington	Viable	Viable	N/A	Viable	Viable	Viable
Notting Hill	Marginal	Marginal	Viable	Viable	N/A	N/A
Kensington	Viable	Marginal	Marginal	Viable	N/A	Marginal
Earl’s Court	Viable	N/A	Viable	Viable	N/A	N/A
South Kensington	Viable	Viable	Viable	Viable	N/A	Viable
Knightsbridge	Viable	Marginal	Viable	Viable	N/A	Viable
Chelsea	Viable	Viable	Viable	Viable	Marginal	N/A
Latimer EZ	N/A	Viable	Viable	Viable	Viable	N/A
Lots Road EZ	N/A	N/A	N/A	Viable	N/A	Viable
Kensal EZ	Viable	Viable	N/A	Viable	N/A	N/A

Table 2 of Q 6: Summary of viability of B class uses in RBKC. Source: Office Market Review and Viability in the Royal Borough of Kensington and Chelsea, Frost Meadowcroft, 2014

6.24 A third report considers a small number of properties which lie within the Freston/Latimer Road Employment Zone, north of the Westway. Whilst intended to test a specific question, whether the commercial buildings in this part of the Borough were “viable”, it does help build the picture of the nature of business uses across the Borough. It does remain a viable office location. This study was prepared to allow the Council to test whether the northern portion of the Latimer Road Employment Zone was viable as a business location. As such it was considered at the examination into the St Quintin and Woodlands Neighbourhood Plan. The inspector into this examination concluded that, “*the viability evidence does not suggest to me that the continuing employment uses in this part of the zone are not viable.*”¹³

6.25 As such each study reaches the same broad conclusion, that the Borough’s office market is vibrant and there is no reason to believe that the Borough’s main office locations are intrinsically unviable for continued office use.

¹³ St Quintin and Woodland’s Neighbourhood Development Plan, Report of Examination (October 215), para 11.7.

There are, however, small pockets within the Borough where the market is less robust or where encouragement is needed if future refurbishment is to come forward.

Exemption for reforms to Article 4 direction allowing changes of use from offices to residential

- 6.26 If the macro forecasting and information of the strength of the local market demonstrate that there is a long term need for additional office floorspace, then the evidence that the Council commissioned in 2013 and again in 2016 to justify the exemption/ article 4 direction for office to residential uses is helpful as it shows the importance of having policies in place which allow the loss to be resisted. Without these policies, the Borough would be likely to experience a significant loss of business floorspace. This loss would be a reflection of the differential in value between a business and a residential uses in this Borough, rather than any inherent weakness in the office sector itself.
- 6.27 The TBR 2016¹⁴ (SUB39) report conclude that the effect of having no planning control in this regard would be:
- 3,500 firms are at significant risk of having their current premises converted from their current commercial use into residential dwellings;
 - 30,000 jobs would be directly at risk, increasing to over 44,000 jobs once the indirect and induced economic impacts are modelled. There would be a very high risk of 12,500 jobs being lost, and a high risk of a further 25,000 jobs being lost;
 - The impact upon economic output (measured in Gross Value Added) would be to place over £2.5 billion of direct economic activity at significant risk; a figure which rises to £3.25 billion once indirect and induced economic impacts have been applied to the local authority area.
- 6.28 The 2013 and 2016 reports recognised that it would be the relative value of housing and office floorspace that would drive this loss as despite the vibrancy of the office market, residential values far exceed office values. The strong desire for residential property in Kensington and Chelsea is reflected in 2015 with values across the Borough of between £1,000 and £2,400 per sq ft. In contrast, typical office rental values range from a peak of £1,250 in Knightsbridge, to more typical values of £850 in Chelsea and Kensington, down to £425 in parts of the north of the Borough¹⁵. Of critical importance is the differential in value, with much of the Borough seeing more than a 50% uplift in value were the change of use to residential allowed.

¹⁴ Evidence to inform Article 4 Direction to restrict the future relaxation of planning regulations to allow changes of use from offices to residential (Feb 2016)

¹⁵ Evidence to inform Article 4 Direction to restrict the future relaxation of planning regulations to allow changes of use from offices to residential, TBR, (Feb 2016)

- 6.29 This uplift in value will form the basis for whether or not conversion is likely. The Council’s consultants conclude that an uplift of more than 40% is likely to be sufficient to prove a compelling financial case for conversion. A 30% uplift in value may be all that is required. In the Borough, the residual value of buildings in residential use is considerably more than double that of buildings occupied by offices and in the highest value areas much more. There has been a recent levelling out of residential values following the uncertainty of the EU referendum. This has not changed the fundamental differential in value between residential and office uses.¹⁶
- 6.30 The risk ratings of the Borough’s submarkets are illustrated in figure 3 of Q 6 below. This has been reproduced from a report by TBR consultants in 2016.

Submarket	Value as office (per sq ft)	Value as residential (per sq ft)	Weighted conversion cost	Net uplift in value	Percentage uplift	Risk category
Earls Court	£ 597	£ 1,700	£ 300	£ 803	90%	Very high
Chelsea	£ 840	£ 2,200	£ 371	£ 988	82%	Very high
North Kensington	£ 520	£ 1,350	£ 250	£ 580	75%	Very high
South Kensington	£ 893	£ 2,200	£ 371	£ 936	74%	Very high
Kensington	£ 893	£ 2,050	£ 350	£ 807	65%	High
Kensal Rd EZ	£ 425	£ 1,000	£ 200	£ 375	60%	High
Notting Hill	£ 893	£ 1,850	£ 321	£ 636	52%	High
Lots Road EZ	£ 643	£ 1,300	£ 243	£ 414	47%	High
Knightsbridge	£ 1,260	£ 2,400	£ 400	£ 740	45%	High
Latimer Rd/Freston Rd EZ	£ 696	£ 1,050	£ 207	£ 146	16%	Medium

Source: Frost Meadowcroft (TBR ref: W8/S1)

Figure 3 of Q 6: Risk ratings of Borough’s office sub markets.

- 6.31 So in Kensington and Chelsea changes of use were, and remain, driven by the differential value between competing uses, not by a lack of demand, and without planning control there would be a strong financial incentive across most of the Borough to convert office floorspace to residential use.
- 6.32 It should be noted that the CLG were satisfied that the Council’s case for an exemption was very strong. It “scored” the evidence submitted, the evidence which demonstrated that both the local and the wider strategic impact would be very high, at 39 out of 40. This was the highest score given to any local authority in the country. Furthermore the Government concurred with the Council’s view that the exemption should be Borough-wide in nature. This was the case for only two boroughs in the country.

¹⁶ Frost Meadowcroft, February 2017, per comms.

6.33 The scores awarded are reproduced below.

	Scale of impact		Significance of impact		Likelihood of predicted impact		Proposed area of exemption smallest area necessary?		Total
	Strength of case	Robustness of evidence base	Strength of case	Robustness of evidence base	Strength of case	Robustness of evidence base	Strength of case	Robustness of evidence base	
National (Category A)	5	5	5	5	5	5	4	5	39
Local (Category B)	5	5	5	5	5	5	4	5	39

Figure 4 of Q 6: Department for Communities and Local Government (DCLG) Scoring matrix, 2013 exemption

6.34 In granting the borough-wide exemption in 2013 the Government accepted the argument that the Borough represents a vibrant, closely related set of interconnected business clusters. There are areas where offices are more concentrated, such as within the larger town centres and within the three Employment Zones. However, business premises are also widely spread through the residential areas, for example within the commercial mews and in and near smaller local centres. Many of these units have functional links to the nationally important clusters. The loss of any units could potentially harm the wider business clusters of which they form part.

Is the Council’s approach consistent with national policy and the London Plan?

The National Planning Policy Framework

6.35 The National Planning Policy Framework (NPPF) is informed by twelve core planning principles. One of these is that planning should, “*proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the county needs*” (bullet 3, paragraph 17.) The paragraph goes on to note that, “*every effort should be made objectively to identify the housing, business and other development needs of an area...*”

6.36 The building of a strong, competitive economy is an essential element of “delivering sustainable development.” NPPF paragraph 18 states that, “*the Government is committed to securing economic growth to create jobs and prosperity*” with paragraph 19 noting that “*significant weight should be placed on the need to support economic growth through the planning system.*”

6.37 NPPF paragraph 20 states, “*that to help achieve economic growth, local planning authorities should plan proactively to meet the development needs of business and support an economy fit for the 21st century.*”

6.38 NPPF paragraph 21 (fourth bullet) notes that Councils should “*plan positively for the location, promotion and expansion of clusters of*

knowledge driven, creative or high technology industries"; with paragraph 22 supporting the protection of land for office uses where there is a reasonable prospect of a site being used for the employment use.

- 6.39 NPPF paragraph 51 is also helpful. This recognises that planning permission should not be approved for changes of use for B class uses to residential, where there are "strong economic reasons why development would be appropriate."
- 6.40 The evidence summarised above demonstrates that there is a well-established need for additional office floorspace, and that Policy CF5 is required if the current stock of offices is to be retained, over time, and if new business floorspace is to come forward. The Council has identified a need for office floorspace and has the policies in place that allow it to meet this need. The Council is not attempting to safeguard business floorspace when there is no reasonable prospect of that land being not used for that purpose. There are "strong economic reasons" why the loss of business uses are not appropriate.

The London Plan

- 6.41 Chapter 4 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. Of particular relevance to this review are policies 4.1, 4.2 and 4.3. Boroughs are urged to "*meet the distinct needs of the central London office market*" (Policy 4.2: Offices) and to "*promote and enable the continued development of a strong, sustainable and increasingly diverse economy, ensuring the availability of sufficient and suitable workspaces...*" (Policy 4.1: Developing London's Economy).
- 6.42 The Council's approach is directly supportive of that taken by the London Plan. The retention of our stock of offices is necessary if London's office needs are to be met and there is to be an available supply of suitable workspaces.
- 6.43 The Council would draw the Inspector's attention to the Draft London Plan. Whilst it is currently being given only minimal weight it may be useful as it demonstrates the future direction of travel. Draft Policy E1 (Offices) "supports increases in the current stock of offices, "*where there is authoritative, strategic and local evidence of sustained demand for office based activities.*" It requires a Council to "*take into account projected demand for office-based employment and office floorspace...*" It references the projected demand taken from the LOPR 2017. As set out above, this range includes an estimate of "composite of trend based and employment-based office floorspace projection". This is the level of forecast demand used by the Council.
- 6.44 Part F of Draft Policy E1 is concerned with the use of Article 4 directions to ensure that viable office locations "*are not undermined by changes of use to residential permitted development rights.*" This policy specifically refers

to Kensington and Chelsea as a “*viable office location*”, and one which should be protected through an article 4 direction.

7. Is the restriction on residential uses within the Employment Zones in paragraph k of Policy CF5 justified by the evidence? Should the proposed modification to paragraph 31.3.53 (MINOR/051) to clarify the approach to residential uses in Employment Zones be considered as a “main modification”?

7.1 A restrictive approach to the creation of additional residential floorspace within the Borough’s Employment Zones dates to the adoption of the Council’s Unitary Development Plan in 2002.

7.2 LPPR Policy CF5 seeks to relax this position and to allow the creation of some residential floorspace within the Employment Zones. This approach is intended to help bring forward new office floorspace and provide additional housing. The Council is of the view that a properly designed commercial lead mixed uses proposal can have these benefits without harming the overall function of the Employment Zone itself.

Provision of housing within the Employment Zones

7.3 The Council is satisfied that this approach will not jeopardise the Council’s ability to meet its housing targets. The latest work by the GLA on the London SHLAA 2017¹⁷ (paragraph 2.123) allowed local planning authorities to class such sites as low probability for housing particularly where there are Article 4 Directions in place to protect change of use from office to residential. The situation in the Borough is akin to having an Article 4 Direction as stated above (paragraph 6.26) the entire Borough is exempt from the office to residential permitted development right. The low probability approach in the SHLAA 2017 is similar to the policy approach being proposed to allow the creation of some residential floorspace within the Employment Zones.

7.4 This is considered in greater detail in the answer to the Inspector’s question relating to Issue 3a.

7.5 As set out in the update to the Policy Formulation Report for Policy CH1 (Increasing Housing Supply) (SUB43.1) the Council has shown that it has a five year housing supply. This shows that the current supply of deliverable sites for the period 2017/18 to 2021/22 is 4,410 dwellings. This compares to a housing supply requirement from March 2017 to March 2022 of 4,398 dwellings. This is made up of five years of the borough’s annual supply target of 733 new home, plus a 20% buffer brought forward later in the plan period. The sites in question are set out in Appendix 1 of the SUB43.1.

7.6 This includes the provision of 580 additional units for sites which lie within

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https://www.london.gov.uk/sites/default/files/2017_london_strategic_housing_land_availability_assessment.pdf

the Employment Zones. These are set out in table 1 of Q 7 below.

Reference	Status	Address/ name	Housing units
PP/02/01324	Site allocation	Lots Road Power Station	420 unit
PP/16/02150	Large site	326 Kensal Road	25
Allocation	Site allocation	1-14 Latimer Road	75
Proposed site allocation	Proposed site allocation	Site at Lots Road (Extra care replacement scheme)	60

Table 1 of Q 7: Site allocations and large sites within the Employment Zones. (From PFR CH1, October 2017)

7.7 The majority of these will be provided as part of the Lots Road Power station development, a development which has been in the pipeline for a number of years. The policy formulation report SUB43.1 demonstrates that the Council is not relying on further residential development in the Employment Zones, over and above that set out in above to meet its housing target.

7.8 This is not to say that the provision of additional housing will not be welcomed – where this does not hinder the Council’s ability to meet its need for office floorspace, or to harm the employment function of these Employment Zones.

Linking the provision of housing within Employment Zones with an uplift in B class floorspace

7.9 The Council has a stretching “target” for office floorspace. Office uses must be protected if this target is to be met.

7.10 However, the Council notes that the Employment Zones are those few areas where an increase in office, and other B class business floorspace can be delivered. This reflects the commercial nature of the Employment Zones and the history of protection of business uses/ restrictions of residential uses within the Employment Zones.

7.11 The Frost Meadowcroft Office Market Review¹⁸ report 2014 considers the viability of offices across the Borough. They assess the viability of the investment required (in cash terms) to bring a property up to a modern standard suitable for the tenant market. It is concerned with an assessment of the return gained from the capital employed to reflect the refurbishment project. Frost Meadowcroft consider any case where the return on the investment is more than 10% to be “viable.”

7.12 Table 2 of Q 7 below is taken from the Frost Meadowcroft report. The last three rows relate to the Borough’s Employment Zones. This suggests that commercial uses within the Employment Zone are viable.

¹⁸ Office Market Review and Viability in the Royal Borough of Kensington and Chelsea, Frost Meadowcroft, 2014

	Mixed use	Purpose built (under 3,000)	Purpose built (over 3,000)	Converted buildings	Warehousing/light industrial	Serviced offices
North Kensington	Viable	Viable	N/A	Viable	Viable	Viable
Notting Hill	Marginal	Marginal	Viable	Viable	N/A	N/A
Kensington	Viable	Marginal	Marginal	Viable	N/A	Marginal
Earl's Court	Viable	N/A	Viable	Viable	N/A	N/A
South Kensington	Viable	Viable	Viable	Viable	N/A	Viable
Knightsbridge	Viable	Marginal	Viable	Viable	N/A	Viable
Chelsea	Viable	Viable	Viable	Viable	Marginal	N/A
Latimer EZ	N/A	Viable	Viable	Viable	Viable	N/A
Lots Road EZ	N/A	N/A	N/A	Viable	N/A	Viable
Kensal EZ	Viable	Viable	N/A	Viable	N/A	N/A

Table 2 of 7: Viability Assessment (taken from Frost Meadowcroft Office Market Review (2014))

- 7.13 This is not to say that the introduction of higher value residential uses cannot tip the balance still further and encourage new business development to come forward rather than merely to maintain the office uses in perpetuity. Indeed, Frost Meadowcroft do conclude that *“in areas where commercial values are less than half that of alternative uses and, the retention and improvement of existing stock on a case by case basis, may need to be encouraged by allowing mixed-use development in order to achieve this goal. The results of allowing mixed-use would increase the viability for some owners and result in office rents rising in this area and an improvement in the quality of the stock.”* (paragraph 7.1.4)
- 7.14 They also state that, *“if the viability of refurbishing an existing office building to maintain tenant demand and lettability is in question, the potential may exist to encourage the redevelopment and improvement of existing office stock by considering mixed-use development where there is the opportunity to retain the same floor area of commercial space whilst extending the building to allow higher value residential use an also improving the quality of the commercial element.”* (paragraph 6.6.2) By the same token, the introduction of high value residential use can also improve the amount of commercial floorspace.
- 7.15 The Council has taken a more pragmatic approach to the creation of residential uses within the Employment Zones in the last few years. This has been a conscious attempt to assist in the bringing forward of additional B class floorspace within the Employment Zones.
- 7.16 It is difficult to quantify this effect, as many of the discussions have been at pre-application, and as such are not in the public domain. However, there are two planning permissions which do suggest that an introduction of residential floorspace was necessary (in these circumstances) to bring forward additional business floorspace.
- 253 and 259 Kensal Road. (PP/13/06196). This permission allowed the creation of 3,345 sq m of flexible office, studio and workshop space alongside 5,267 sq m of student accommodation. In this case the Council employed consultants to consider the viability assessment

put forward by the applicants. They concluded that, *“the level of student housing proposed is the minimum amount necessary to allow development to come forward on this site and there is no excessive provision of student accommodation in the proposal.”* (paragraph 4.14 of the Committee Report.)

- 326 Kensal Road (PP/16/02150). The planning permission allowed the provision of 8,662 sq m of office floorspace (a net increase of 5,324 sq m) and 3,164 sq m of residential floorspace. In this case the Council assessed the submitted Financial Viability Assessment. The associated committee report stated that, *“it is agreed that some housing would be necessary to ensure that the delivery of the whole business-led development would be viable.”* (paragraph 6.9 of the committee report)

7.17 These permissions demonstrate the role that higher value residential floorspace can have in the delivery of business floorspace. This will clearly depend on the particular circumstances of a site and the respective B class and residential values at the time of implementation.

Suitability of mixed uses.

7.18 The Council is satisfied that, when properly designed, mixed use development, where the mix of uses is within the same building, can be successful. This is supported by the Frost Meadowcroft report which states, *“in theory, well-designed mixed-use developments should be able to meet commercial office tenant demand and provide a valuable source of new build office stock where it is not viable to refurbish or redevelop the offices without some form of enabling development.”* (paragraph 6.6.5)

Should the proposed modification to paragraph 31.3.53 (MINOR/051 to clarify the approach to residential uses in Employment Zones be considered as a “main modification”?

7.19 The Council considers that the proposed modification is minor in nature and should be treated as such. The submitted policy is clear (CF5 (I)). There is a presumption against the creation of new residential uses within the Employment Zones *“unless the use can be shown to be necessary to support a significant uplift in both the quality and the quantity of the business use on the site.”* Original paragraph 31.3.55 offers some further guidance on this matter. It notes that residential uses will be acceptable only where the *“commercial character and function of an Employment Zone is not jeopardised by the introduction/ expansion of the residential use.”* The paragraph then suggests how this aim will *“normally be achieved.”* This includes through, *“good design”, “the retention of the business character of ground floor frontages”* and through *“ensuring that only a small proportion of the floorspace of a given site is residential.”*

7.20 Following consideration of representations received the Council considers that the last criteria, *“that only a small proportion of the floorspace is residential”* is not helpful. The important tests remain – namely that the

residential uses enable an uplift in business floorspace, and that the commercial character and function of the Employment Zone is not jeopardised. There may be circumstances where, say, a third of the floorspace may be residential, but the scheme is designed in such a way as to ensure that the function of the Employment Zone is not harmed. In such circumstances the residential/ commercial mix would be appropriate even if it could not be described as a “small proportion.”

- 7.21 The amendment is within the supporting text, not the main policy. It offers clarity rather than altering the nature of the Council’s approach. As such it is better considered to be a minor amendment. Even without this amendment, schemes within the Employment Zones are to be expected to be mixed use as a purely residential scheme would generally be out of character and would trigger other policies such as Policy CL1: Context and Character in the Local Plan. The chapeau of this policy requires all development to take opportunities to “*improve the quality and character of buildings and the area and the way it functions...*”
- 7.22 The Council notes that the proposed modification was considered as part of the Integrated Impact Assessment process in May 2017. This review is set out in Appendix I (LPPR Submission Proposed Modifications) (SUB72). In this case the proposed change to the paragraph was reviewed and the consultants concluded that no change to the IIA conclusions were necessary.

8. Is the protection of warehousing throughout the borough justified, consistent with national policy and in general conformity with the London Plan? Would the proposed modification to paragraph 31.2.48b (MINOR/049) materially affect the consideration of changes of use of warehouses? Should it be considered as a “main modification”?

- 8.1 The Council does not seek to protect warehousing throughout the borough. Whilst a small storage space, of the type characteristic of the Borough may have value in serving the storage needs of local business and of residents, the Council is of the view that its B8 sector does not serve a strategic function.
- 8.2 As such the main value in the warehousing sector is in maintaining a diversity of uses within the Borough, and as a potentially suitable location for an office use.
- 8.3 The proposed modification MINOR/049 is addressing two issues as follows:
- (i) Under Class I of Part 3 of Schedule 2 of the GPDO planning permission is not required for a change of use of a B1(a) use with a floor area of 500 sq m or less, to a B8 use. The Council recognises that, in many cases, warehousing is of limited value, therefore, such a change of use may merely be a Trojan horse by which residential uses can be achieved. This was reflected in the Issues and Options Consultation (SUB4). The proposed modification in para 31.2.48b is clarifying that a loss to non-

business use would be acceptable as long as certain conditions are met **including that the warehouse use is ‘established’** and therefore, not newly created for the purpose of its eventual loss. This modification is necessary to make it clear that the change of use to a warehouse cannot be used as a step in the process from the change of use from an office to warehouse to residential.

- (ii) The Council also considers that there should be some flexibility to accept the loss of established warehousing given the recognition that the Council is of the view that they do not serve a strategic function. Therefore, the proposed modification clarifies when the loss will be acceptable by stating where, *“there are no strong economic reasons to retain a warehouse use.”*
- 8.4 When considering the loss of a warehouse to a residential use, the Council must have regard to the content of the NPPF. Again, this is clear that a use can only be protected where there is a likelihood of it being used for that function. If an applicant can demonstrate that the warehouse use has no long term future, then its loss will be acceptable, subject to other planning considerations. This has always been the case and is consistent with national policy.
- 8.5 The modifications within paragraph 31.2.48b are considered necessary to clarify this issue. As such it is not intended to amend policy, and can be considered a minor modification.
- 8.6 The Council notes that the proposed modification was considered as part of the Integrated Impact Assessment process. This review is set out in Appendix I (LPPR Submission Proposed Modifications) (SUB72). In this case the proposed change to the paragraph was reviewed and the consultants concluded that no change to the IIA conclusions were necessary.

Arts and Cultural Uses (Policy CF7)

- 9. **Is Policy CF7 and the changes to the reasoned justification justified in allowing ancillary A class uses within cultural institutions to be exempt from retail impact assessments and enabling development in former arts and cultural buildings? Is this consistent with national policy?**
- 9.1 The Council is explicit in this regard. Where additional A class floorspace is ancillary to the main arts and cultural use it will not be subject to the requirements of a retail impact assessment. As ancillary to the main D class use the newly created floorspace will not be an A class use in its own right. Where the A class use is created through the reconfiguration of existing floorspace, no change of use will have occurred, and planning permission will not be required as internal alterations do not fall within the definition of development¹⁹. Where the A class use is created through an increase in overall floorspace (be this through an extension or the

¹⁹ S55 of the Town and Country Planning Act 1990 (as amended)

- construction of a new building) planning permission will be required.
- 9.2 By inference, any additional A class uses which are not ancillary to the existing D class use will be subject to the requirements of impact assessment in the normal way. Any such impact assessment would have regard to the nature of the A class floorspace being provided.
- 9.3 A class uses and museums and other arts and cultural uses will ordinarily be one of the “main town centre uses” as defined within Annex 2: Glossary of the NPPF. As such any standalone A class or ancillary D class use will be subject to the requirements of the NPPF. Both uses will be subject to the requirements of the sequential test.
- 9.4 As such the approach to be taken by the Council is justified and consistent with national policy. A retail impact assessment will be required when non ancillary A class floorspace is being created. The trigger for this assessment will be 400 sq m as set out in Policy CF1 of the LPPR rather than the 2,500 suggested within the NPPF. The appropriateness of this lower threshold is explained in Issue 3b, Question 3 of these MIQs.

Is this consistent with national policy?

- 9.5 Paragraph 26 of the NPPF requires an impact assessment when assessing applications for retail, leisure and office development outside of a town centre, when the development is not in accordance with an up-to-date Local Plan. Paragraph 31.3.65 of the LPPR merely states that a “retail impact assessment” will not be required when floorspace that is ancillary to the main D1 use is being proposed. It could not be any other way given that this additional floorspace will be considered to be D1 rather than A1.
- 9.6 Perhaps of greater significance is what the Council intends the result of Policy CF7 to be – namely to support and welcome new cultural institutions. The introduction of ancillary supporting uses can play an important role in assisting the on-going future of these facilities.
- 9.7 Central to the NPPF is the desire to support arts and cultural uses, or what the NPPF terms “cultural well-being.”
- 9.8 Paragraph 7 notes that supporting the community’s cultural well-being is a central part of the “social role” of planning in achieving sustainable development. The social role is in, *“supporting strong, vibrant and healthy communities, by providing the supply of housing required to meet the needs of present and future generations; and by creating a high quality built environment, with accessible local services that reflect the community’s needs and support its health, social and cultural well-being.”*
- 9.9 Paragraph 17 lists a number of core planning principles. One of these is to, *“take account of and support local strategies to improve health, social and cultural wellbeing for all, and deliver sufficient community and cultural facilities and services to meet local needs.”* This is confirmed by paragraph 70 which is concerned with the promotion of healthy communities. If a Council is to deliver the cultural facilities which contribute to a healthy community it should, *“plan positively for the provision of ... cultural*

buildings” and, “guard against the unnecessary loss of valued facilities and services. LPPR Policy CF7 is the method by which we will plan positively for the provision of cultural buildings.”

Hotels (Policy CF8)

10. Is Policy CF8 justified in protecting hotels from conversion to other uses and is this in general conformity with the London Plan in respect of the location of hotels?

10.1 The Council is satisfied that the approach it takes, protecting hotels from conversion to other uses, is justified and is an approach which is in general conformity with the London Plan.

10.2 The protection of hotels is seen as an integral element of maintaining a diversity of uses across the Borough, a diversity that makes the Borough the special place that it is. This is a common theme that lies across the Local Plan, as the Council seeks to protect a range of uses being changed to residential, the default “highest value” use.

Important role of the Borough’s hotel stock

10.3 This is particularly relevant for hotel uses given the role that visitor accommodation has in contributing to the Borough’s and indeed to the wider economy. This role is reflected by the number of hotels within the Borough and the number of people that are employed in the sector. The GLA working paper 58, *Understanding the demand for and supply of visitor accommodation in London to 2023*, was the principal report to inform the current London Plan. This noted that the Borough is host to 19,300 rooms, 28,500 bedspaces in 191 hotels. This makes the Borough the third largest supplier in the capital, eclipsed only by Westminster and Camden. Hillingdon with the hotels serving Heathrow) is the fourth largest supplier, but lags some way behind with 11,500 rooms.

10.4 An additional report prepared by GLA economics, to inform the new Draft London Plan, was published in 2017²⁰, (EX007) after the initial submission of the LPPR. This notes that Kensington and Chelsea remain the third largest supplier of hotels accommodation within the capital, at 15,151 bedrooms, or 10.4 per cent of London’s share. The distribution map from the 2017 report is reproduced below. (Figure 1 of Q 8).

10.5 This distribution reflects the excellent links that much of the Borough has to central London as well as the major tourist attractions that it hosts in its own right. Indeed, the South Kensington Museums complex alone has some 11.9 million visitors in 2015.

10.6 The importance of the sector to the Borough’s economy is further confirmed by the employment data collected in 2016. This noted that in 2016 there

²⁰ GLA Economics Working Paper 88. Projections of demand and supply for visitor accommodation in London to 2050. (April 2017)

were an estimated 19,210 people employed in the “accommodation” and food and beverage service activities, with the “accommodation” sector being nearly three and a half times greater than one would ordinarily expect across London as a whole.²¹

10.7 Clearly the Royal Borough is, and remains, an important location for the capital’s hotels. It is only by policies that allow the Council to protect these hotels will this central role be maintained.

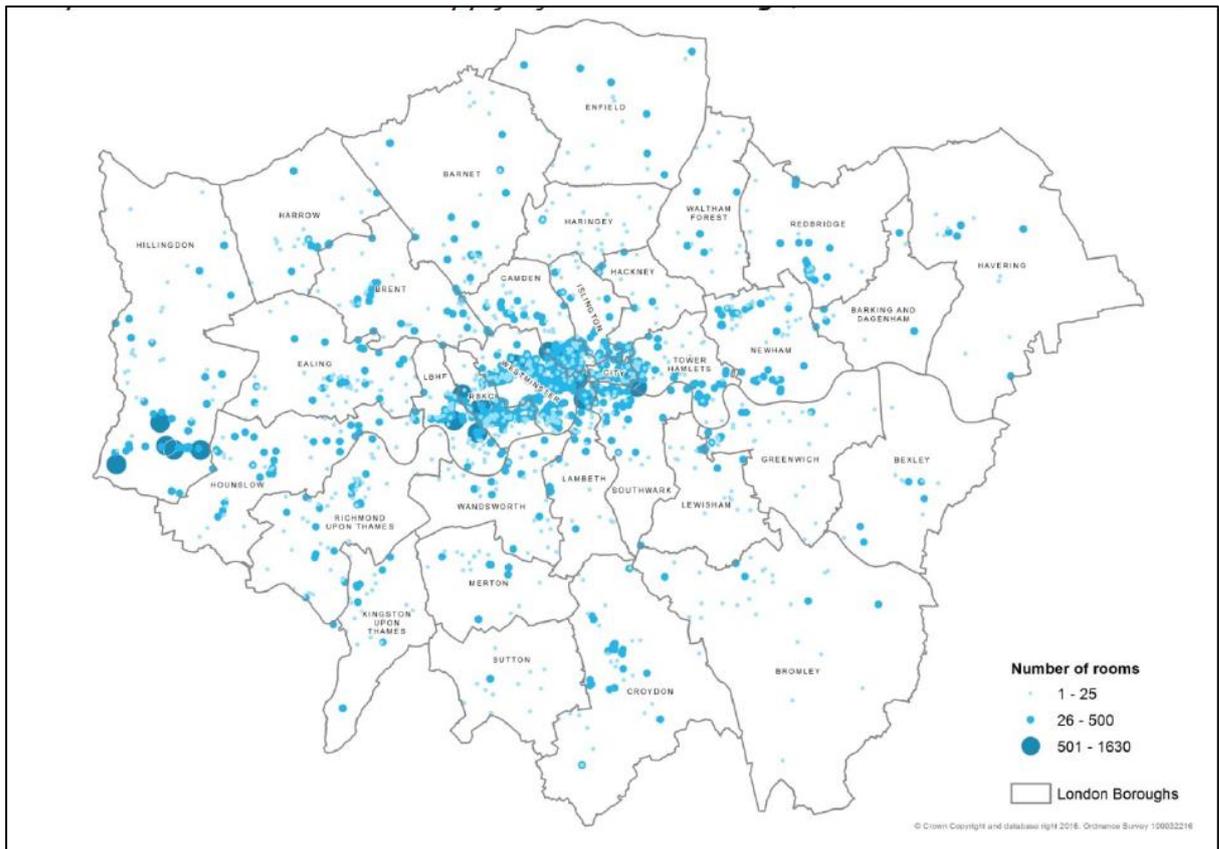


Figure 1 of Q 8: Distribution of room supply (2015)
GLA Economics 2017

10.8 The GLA have attempted to predict the need for new hotels over time. The GLA Economics 2013 report predicts a need for 42,900 new serviced rooms by 2034, with the Royal Borough predicted to provide 2,700 of these. However, the 2017²² “update” includes a further projection. The GLA economics working paper now suggesting that the supply and demand for hotels in the borough being in balance, with the predicted net increase in hotel spaces needed being extremely modest. There is no suggestion that the Borough is “over supplied”. The modest prediction is more a reflection of the nature of the total pipeline of new hotel space across the capital.

²¹ Evidence to inform Article 4 Direction to restrict the future relaxation of planning regulations to allow changes of use from offices to residential, TBR (2016)

²² *ibid*

Alternative options

- 10.9 The Council has tested a number of alternative options as the policy has progressed through to examination. These are set out in full in the Fostering Vitality Policy Formulation Report (SUB 31). A policy which allowed the loss of hotels bedspaces across the borough was rejected as “not being reasonable”, with the Council being concerned that this would lead to the wholesale loss of hotels over time. This would be at odds with a borough playing a role as an important location for visitor accommodation.
- 10.10 The Council did consider retaining the existing approach of protecting hotels except in Earl’s Court Ward. This option was ultimately rejected as the Council is of the view that Earl’s Court is no longer characterised by a large number of poorly run hotels, sharing the amenity of neighbouring non-commercial uses.

National guidance

- 10.11 The Council’s approach follows that taken within the NPPF. The NPPF is supportive of uses which play an economic role. With paragraph 7 recognising the economic role in sustainable development: *“contributing to building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation; and by identifying and coordinating development requirements, including the provision of infrastructure”*.
- 10.12 Paragraph 23 considers town centres and the role that hotels (tourism development) can have within them. It states that LPAs should:
- “allocate a range of suitable sites to meet the scale and type of retail, leisure, commercial, office, tourism, cultural, community and residential development needed in town centres. It is important that needs for retail, leisure, office and other main town centre uses are met in full and are not compromised by limited site availability...”*
- 10.13 The protection of the existing stock of hotels is an integral part of meeting the long term needs of the sector.

The London Plan

- 10.14 Policy 4.5 of the London Plan, “London’s visitor infrastructure”, considers hotels. This recognises the import role that hotels have upon both the local and the wider economy. As such the protection of the Borough’s existing stock of hotels integral to “supporting London’s visitor economy” and “seeking to improve the range and quality of provision.” The loss of hotels without the corresponding re-provision would not “support” the visitor economy or improve the range and quality of hotel provision.
- 10.15 It should be noted that The GLA have not raised any conformity issues with regard to the approach that the Council is taking to hotels in its letters of conformity (SUB9) and (CED007).

- 10.16 The Council also notes that the approach it takes towards the protection of hotels does not impact upon its ability to have a 5 year housing supply. This is discussed in some detail in the answer to the Inspector's Issue 3a, Question 1.

Location of hotels

- 10.17 The London Plan is not prescriptive about where new hotels should be located. Part (c) of Policy 4.5 (London's Visitor Infrastructure) states that, outside the CAZ area, "[hotels] *should be focused in town centres and opportunity and intensification areas, where there is good public transport access to central London and international and national transport termini.*" It also states that other locations may be appropriate when "*related to major visitor attractions.*"
- 10.18 Publication Policy CF8 (SUB5) reiterates this policy at a local scale. It states that, the Council will require new hotels to be located within, or immediately adjoining, the Borough's higher order centres. It is the Borough's higher order centres which are those locations with the best public transport accessibility. The proposed further amendment to CF8 is intended to tie the Council's policy still closer to that of the London Plan, also recognising that a location close to a "major tourist attraction" may also be an appropriate location for a new hotel.
- 10.19 The Council is satisfied that the protection of its existing hotels is also an approach in general conformity with the London Plan. It is only by the protection of the existing stock of hotel bedrooms can the needs of London's visitors over time be met.
- 10.20 Part (c) of Policy CF8 is intended to reflect the desire of the London Plan to support the renovation, and therefore upgrading, of visitor accommodation stock.

11. Is the proposed modification to Policy CF8 set out in the Council's Response to the Inspector's Initial Questions (CED001) justified in support of the Council's preferred strategy of enabling the development of new hotels and bed spaces across the borough? Would it materially alter the Plan? Should it be treated as a "main modification"?

- 11.1 The proposed modification to Policy CF8 is intended to clarify the Council's view on what may be appropriate locations for new hotels.
- 11.2 Paragraph 31.3.69 explains that the Council's preferred locations for new hotels are not just sites within town centres, but also sites which "*lie close to major tourist attractions; or where they lie in areas which enjoy excellent links to Central London.*" The supporting text also recognises that the expansion of existing hotels may well be appropriate outside these areas where they "do not harm the character of residential areas." As such whilst the starting point for a new hotel will be a larger town centre they may be appropriate in other locations.

- 11.3 Policy CF8(b) articulates this approach, directing new hotels to larger town centres and to the Earl's Court Exhibition Centre Strategic Site. However, Policy CF8 is not as clear as it could be with regards other circumstances where a new hotel may be appropriate. This is not helpful, hence the proposed amendment to the Policy. The Council had taken the view (in response to the initial Inspector's questions) that this amendment was "minor" in nature as it is more merely a clarification of the Council's approach, a clarification which reflects paragraph 31.3.69. However, in hindsight it would be better considered a "main modification". It is an amendment to a policy, which, if read in isolation (and not alongside paragraph 31.3.69) could appear be a change to the Council's initial approach.
- 11.4 This modification will be assessed as part of the IIA alongside any other suggested modifications which have arisen as a result of the examination.