

## Appendix 2 – Draft Proposed City Plan Policy 14 (as consulted on 12th November 2018 – 21st December 2018)

### 14. Supporting economic growth

**A.** New and improved office and B1 floorspace across the plan period will be supported to provide capacity for at least 75,000 new jobs between 2016 and 2041, enabling the continued growth and clustering of the creative, knowledge, and research-based sectors. Additional floorspace that meets the needs of modern working practices, including the provision of co-working space, is supported in principle in:

1. The Central Activities Zone (CAZ), including the West End Retail and Leisure Special Policy Area (WERLSPA) and Opportunity Areas
2. North West Economic Development Area (NWEDA)
3. Church Street / Edgware Road Housing Renewal Area
4. Existing town centres

**B.** In the NWEDA and the Church Street / Edgware Road Housing Renewal Area, a range of workspace typologies, including workshops and studios, will be particularly welcome.

**C.** Proposals involving the loss of office space from the CAZ must demonstrate

that they are necessary to secure a high quality scheme that meets the needs of modern working practices, and that any alternative uses make a positive contribution to the strategic functions of the CAZ.

**D.** Proposals involving the loss of space suitable for small and medium sized enterprises (SMEs), particularly in the NWEDA, will make suitable re-provision on site to ensure no net loss of employment floorspace.

#### New and improved employment floorspace

**14.1 /** Westminster is a global office centre, with an estimated 8.6 million sq m of office floorspace<sup>1</sup>, ranging from small traditional offices in heritage buildings, to large modern floorplates. These cater for a full range of occupiers, including real estate, hedge funds, professional / financial services and creative industries.

**14.2 /** However, since 2005, more than 570,000 sq m<sup>2</sup> of office stock has been lost in the city – predominantly to residential (including permitted development schemes) or hotels. Reduction in supply has resulted in low vacancy levels (less than

8% across the city)<sup>3</sup> and high rents. This trend needs to be reversed in order to continue to compete globally, to support the continued growth of emerging sectors such as creative industries and technology, and to adapt to modern working practices.

**14.3 /** The London Office Policy Review (2017) estimates a need for more than 75,000 office-based jobs in Westminster from 2016 to 2041. Using average employment densities this could translate to a requirement for as much as 850,000 sq m of additional office stock over a 25 year period; However, a number of uncertainties exist that make it difficult to accurately predict how much additional floorspace will be needed. New and refurbished office stock could continue to result in higher employment densities through more efficient use of space, though the extent to which this remains feasible in constrained older stock is unclear.

**14.4 /** A continued rise in agile working practices including home working could also temper demand for additional office floorspace in key office markets, as could the unknown impacts of Brexit. Despite these uncertainties and given current job projections, the continued loss of office stock from the city is unsustainable, and a net growth in dedicated employment floorspace will be needed over the plan period.

<sup>1</sup> As of March 2017 – based on 1990 Land Use Survey and pipeline updates

<sup>2</sup> Pipeline data, March 2017

<sup>3</sup> Local Economic Assessment, 2014: [http://transact.westminster.gov.uk/docstores/publications\\_store/LEA\\_V.11\\_November2014\\_FINAL.pdf](http://transact.westminster.gov.uk/docstores/publications_store/LEA_V.11_November2014_FINAL.pdf)

**14.5** / London Plan policy recognises the strategic importance of the central London office market and encourages the renewal and modernisation of existing stock, along with increased provision in areas of sustained demand for office-based activities.

**14.6** / The West End, along with the Opportunity Areas at Paddington, Victoria and Tottenham Court Road, provide the main opportunities for significant office growth. These areas of the city:

- are home to existing concentrations of such use by a variety of occupiers (from small spaces in Mayfair and St James, to large floorplates in Victoria and Paddington);
- include clusters of activity in growth sectors – such as in the creative industries in Soho;
- represent areas of high demand (Paddington in particular has seen substantial office gains over the period 1997-2016 of 132,000 sq m)<sup>4</sup>;
- are benefitting from investment in public transport infrastructure (including the Elizabeth Line and, in the future, potentially Crossrail 2); and
- offer opportunities for future growth and intensification.

**14.7** / Office growth in these locations will be secured through a combination of:

- the refurbishment and expansion of existing stock;

- the development of new office buildings at a greater density than the buildings they replace; and
- the inclusion of additional office floorspace as part of new mixed use developments.

**14.8** / Beyond these key office markets, further provision of new employment space in the NWEDA and the Church Street / Edgware Road Housing Renewal Area can help complement regeneration schemes and secure a more sustainable pattern of growth. New employment space in these areas, where land values are lower, can help support small start-up businesses and enhance job opportunities in areas of deprivation. They could also offer scope for a more diverse range of workspaces than the office orientated activity found in more central locations.

**14.9** / Offices are identified in national planning policy as a town centre use. Additional provision will therefore be supported across our highly accessible network of town centres as they continue to evolve as multi-functional areas of commercial activity. Such provision can help support existing successful businesses to continue to thrive.

**14.10** / Technological advances are clearly resulting in changing working practices, which new and improved workspaces need to respond to. In recent times, hot-desking, remote working, and less regimented working hours have all

become more commonplace, as have freelancing activity and a growth in small businesses. This is resulting in an increasing demand for more flexible workspaces that better facilitate collaboration, and provide ancillary facilities on-site for workers to help improve their work-life balance.

**14.11** / To enable growing sectors to continue to thrive, new and refurbished employment floorspace should be designed to meet the needs of modern occupiers. This could include providing dedicated space for hot-desking, informal meetings and collaboration, hosting conferences, and the provision of on-site amenities that helps make them attractive to a talented workforce. Proposals to this effect should be clearly detailed on floor plans, with the rationale behind proposals detailed in planning or design and access statements. Development should also offer flexible spaces and leasing arrangements that can adapt to occupiers changing demands through the life-cycle of their business. Doing so is consistent with national and London planning policy that new and emerging business sectors should be planned for through the provision of a range of workspaces.

#### **Protection of existing employment floorspace**

**14.12** / Loss of office floorspace from the CAZ risks undermining its key strategic employment functions as defined in the London Plan, and as a result, the global competitiveness of the London economy.

4 Integrated Impact Assessment, 2017

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At present the entire CAZ benefits from an exemption from permitted development rights for conversion of B1 offices to C3 residential. When this exemption expires in 2019, control of such proposals in Westminster will be maintained through an Article 4 Direction. Any further loss of office floorspace from the CAZ must demonstrate that it is necessary to secure a well-designed scheme that responds to site-specific constraints, and that the development helps adapt the space to meet the needs of modern working practices. While this could include the provision of ancillary facilities for workers, the net loss of existing office floorspace in the CAZ to facilitate the development of unrelated uses such as residential or hotels is unacceptable.

**14.13** / When assessing whether development proposals would result in the loss of workspace suitable for SMEs, consideration will be given to evidence provided from existing or previous occupiers of their needs in terms of rent levels, building layout, and locational requirements for proximity to supply chains. This will be particularly important in the NWEDA, where promoting growth and diversification in economic activity are central to our strategy for the area's development. This principle must not be compromised by pressure for alternative uses such as residential. On-site re-provision of commercial floorspace will therefore be sought.