

Sadiq Khan (Mayor of London)  
New London Plan  
GLA City Hall  
London Plan Team  
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**Our ref:** 13351/IR/HW/15530162v3  
**Your ref:**

Dear Mayor Khan

## **Draft London Plan Representations**

On behalf of our client, Workspace Group, we set out below representations to the proposed draft London Plan, the consultation period for which expires at 5pm on Friday 2 March 2018.

Workspace Group plays an important role in London's economy. It provides business premises tailored to the needs of SMEs throughout London. The business manages a portfolio of 400,000m<sup>2</sup> of floorspace, in 69 properties hosting 4,000 businesses. In response to the dynamic economic marketplace Workspace utilises a range of web based tools to market its portfolio of workshops, studios and office space to London's SMEs.

Up to 90% of the space let to SMEs by Workspace is managed directly by the company, which maintains a dedicated team to identify, market and let space to small businesses and provide advice and guidance for businesses looking for workspaces. Given its close relationship with new and existing SMEs, Workspace is well placed to understand London's business space.

Workspace Group welcomes the opportunity to be involved in commenting on the draft London Plan. These representations provide feedback in relation to the policies set out within Chapter 6 'Economy'.

### **Policy E1: Offices**

This policy aims to improve the quality offer of offices across London and focuses on key office locations as well as locally orientated office provision to meet local needs. It also notes that surplus office space should be released to other uses (E), that there should be a consideration of the scope for the re-use of otherwise surplus large office space for smaller units (G2) and provides support for redevelopment, intensification and change of use of surplus office space to other uses such as housing (G3). Workspace Group has considerable experience in renovating large scale office space for SMEs and also intensifying sites to provide new housing and improved employment space. These policy threads are supported, however we consider that reference to the competitiveness of office accommodation in part A should be deleted as it is not relevant to the land use based policy. Our client suggests that the policy is amended as follows:

*"A Improvements to the ~~competitiveness and~~ quality of office space of different sizes (for micro, small, medium-sized and larger enterprises) should be supported by new office provision, refurbishment and mixed-use development." [our amendments are shown in Bold]*

### **Policy E2: Low Cost Business Space**

Draft Policy E2 resists the loss of low cost B1 space in areas where there is an identified shortage of lower cost space. Whilst the overarching aim of this policy is to ensure that there is a range of business space available to meet the needs of SMEs, which is supported, we consider that the policy as worded will not be deliverable and could result in adverse impacts on the London business space market.

Firstly we consider that the specific reference to “including creative and artist studio space” should be deleted, as there is no policy basis to refer to these specific types of employment space as a priority over other forms of economic activity. Other policies in the draft plan promote and support the cultural functions of London, in any event.

Draft policy E2B in effect protects low cost business space in areas where there is an identified shortage of lower-cost space, or sets out a series of policy requirements to ensure re-provision of an equivalent amount and specification of B1 floorspace in the proposal, a suitable range of alternative and comparable accommodation in the area, and where relevant, support arrangements for the relocation of a tenant to an alternative local equivalent accommodation. These requirements are not practical or reasonable. On this basis the Policy is considered to be unsound and undeliverable and will inhibit the development of new or improved employment space.

Furthermore the policy should be re-worded in land use policy terms to ensure that it protects business use rather than seeking to provide protection for occupiers. The Landlord and Tenant Act 1985 provides protection for individual occupiers and the planning system should not seek to intervene with this separate area of legislation.

Policy E2C requires that development proposals for new B1 business floorspace greater than 2,500sqm (GEA) should consider the scope to provide a proportion of flexible workspace suitable for micro, small and medium sized enterprises. While it is acknowledged that the 2500sqm area is a guide for considering scope, in practice its inclusion will be adopted by Councils as a standard policy threshold requirement. We object to Policy E2C. It is not considered to be justified (there is no evidence base justification for the arbitrary 2,500sqm threshold), will affect the viability of office provision and seeks to intervene with the office and business space market forces.

We consider it more appropriate to have a general policy that promotes and maintains a range of viable business space available to meet the needs of SMEs. This overarching policy can then be developed in more detail by individual Councils to address local circumstances.

### **Policy E3: Affordable Workspace**

We do not consider there is planning justification for a policy requiring that affordable workspace is provided as part of development proposals. This is something that can and is being addressed by the market through catering for the needs of SMEs. It should not be a requirement of planning policy. Workspace Group provides a form of affordable accommodation in that it provides a range of unit sizes that can cater for growing businesses and on flexible terms that suit start up and smaller businesses in response to market needs.

The definition of affordable workspace is also queried, this being “...workspace that is provided at rents, maintained below the market rate, for that space for a specific social, cultural, or economic development purpose”.

There is no evidential or land use policy basis to give London-wide discounted rents to specific sectors of the business floorspace market and the definition provided is wide ranging and could incorporate many B1 users. The policy is likely to have unintended consequences, making development less viable, and there is no

mechanism to identify which businesses (and for how long) should benefit through subsidy by other businesses paying market rents. The latter will in fact need to increase in order to subsidise sub-market space.

Encouraging residential and mixed-use developments within London to provide affordable workspace accommodation will discourage investment into London and encourage prospective developers to go elsewhere; it will also discourage existing building owners from investing in improving and expanding their properties. This will have adverse impacts on London's office and workspace market and, in fact, curtail supply. This will have the opposite effect to the intention of the policy.

It is therefore considered that Policy E3 should be deleted. In its place the London Plan should instead promote and encourage the delivery of new and improved workspaces for SMEs generally and not seek to intervene in the natural cycle of the property market for business space where costs and affordability ebb and flow, as some areas regenerate and others fall into relative decline.

**Policy E7 Intensification, co-location and substitution of land for industry, logistics and services to support London's economic function.**

Workspace is supportive of this policy in principle but the requirements are so onerous as to make it doubtful that intensification and co-location will deliver much by way of new types of business floorspace and other uses, including much needed housing. Particular constraints will be the 50% affordable housing threshold for applicants using the "fast-track" route (not viability tested), the suggested typology of multi-storey industrial floorspace (expensive to deliver) and the need to provide and occupy replacement SIL type floorspace before any other land uses are occupied. The latter has major implications for development cash flow. Policy E7 should be amended as follows:

- The affordable housing threshold level should be 35% for the Fast Track Route for Strategic Industrial Locations, Locally Significant Industrial Sites and other industrial sites deemed appropriate to release for other uses.
- phasing requirements should be more flexible with scope to bring forward other uses (e.g. housing and SME style business space) alongside new industrial employment floorspace.

**Concluding remarks**

We hope these comments are helpful to the Mayor in bringing forward the new London Plan. If you have any questions, please contact my colleague Iain Rhind, or me. We would also now be grateful if we could be kept updated as the draft London Plan progresses.

Yours sincerely

**Hannah Whitney**  
Planning Director

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