

THE LONDON PLAN

DRAFT FOR PUBLIC CONSULTATION

2 March 2018

Heart of London Business Alliance serves as the voice for 500 businesses and 100 property owners in the Piccadilly & St James's and Leicester Square areas. Our purpose is to support the commercial wellbeing of the businesses and organisations we represent, and ensure our areas remain integral to London's West End offer as a place for people to visit, live, trade and work.

EXECUTIVE SUMMARY

We welcome the ambition of the draft London Plan and its emphasis on achieving the sustainable good growth our city needs. The strong environmental and transport policies of the plan will help to improve air quality in London. However, we have some concerns regarding the ability for the plan's policies to be delivered, and the very significant funding gap identified for infrastructure is concerning.

Our focus is to ensure that the London Plan fully recognises the importance of the West End, and more broadly the Central Activities Zone (CAZ). The six hectares of the West End generates £51 billion GVA annually, more than the £43.9 billion of the City and as much as the whole of Wales. It accommodates over 650,000 jobs and is expected to generate at least 77,000 new jobs by 2036. The hyper-connectivity and exceptional productivity of the West End plays a crucial role in London's economic success, but more importantly for the new London Plan, it will accommodate many of the new jobs and businesses our city's economy will generate, and that will fund much of the Mayor's ambitious plans for new infrastructure.

To truly realise the benefits of existing major public investment, and the taxation that will be generated from growth for local authorities and the Exchequer, the strategic functions of the CAZ must be prioritised, particularly in the commercial core of the West End. Given the importance of the West End to the UK's economic growth we believe that the London Plan should contain greater and more detailed guidance for its future growth.

We support a more flexible approach to intensifying employment sites in the CAZ, including through greater height and density. We argue that local approaches to mixed-use development should not be prescriptive and allow land use swaps, credits and off-site contributions in core commercial areas to sustain strategically important activities.

London already has the most varied and developed evening and night time economy (ENTE) in the world and we warmly welcome the far more positive policies on the evening and night-time economy within the plan, including the incorporation of an agent of change principle.

KEY POLICIES

Good Growth policies (GG1-6) and general comments

We welcome the ambition of the draft London Plan and its emphasis on achieving the good growth our city needs. The strong environmental and transport policies of the plan, aligned with previous Mayoral Strategies, will help to address the poor air quality in London. The innovation of the six 'Good Growth' objectives in the Plan is a useful device, as are the stronger links to other Mayoral Strategies.

However, we have some concerns regarding the ability for the plan's policies to be delivered, and the very significant funding gaps identified are worrying. We are concerned about the cumulative impact of the draft policies on development viability; making it harder to deliver and less attractive for landowners to release land to the market. Whilst in isolation many policies are to be applauded in their intent, the burdens placed on development require it to fund huge amounts of London's vital new infrastructure, whilst also transforming the built environment to tackle climate change, public health, social inequality, and affordability challenges. Overall, the plan should be more flexible and pragmatic within its policies to ensure that the levels of growth set out in the plan are achievable.

As an organisation which represents 500 businesses and 100 property owners in the Piccadilly and St James's and Leicester Square areas, we have not commented extensively on the housing aspects of the plan. However, we share the Mayor's view that in order to effectively plan for economic growth, the right number of homes, genuinely affordable to Londoners, and in the right locations will be vital to maintaining London's status as a world city.

Our focus will be to ensure that the London Plan fully recognises the importance of the West End, and more broadly the Central Activities Zone (CAZ). The six hectares of the West End generates £51 billion GVA annually, more than the £43.9 billion of the City and as much as the whole of Wales. It accommodates over 650,000 jobs and is expected to generate at least 77,000 new jobs by 2036¹. It draws in unparalleled international investment in retail, entertainment, hospitality, healthcare and the creative industries.

The hyper-connectivity and exceptional levels of productivity of the West End plays a crucial role in London's economic success. More importantly for the new London Plan, it will accommodate many of the new jobs and businesses our city's economy will generate, and that will fund much of the Mayor's ambitious plans, whether through Mayoral Community Infrastructure Levy (MCIL) or through business rates and taxes.

As such, we particularly support Policy GG2: Making the best use of land in its requirement that we "proactively explore the potential to intensify the use of land, including public land, the support additional homes and workspaces". In the West End, which is highly constrained by existing development and heritage considerations, support for a "design-led" approach to increasing density and height will be essential. However, it will also require greater flexibility and willingness to embrace higher density and

¹ West End Partnership (WEP) Vision and Delivery Plan, 2015-2030

height with reference to local context. Strong policy support for an uplift of commercial floorspace in the CAZ is vital to realise the benefits of the very significant transport investment and the principles of Policy GG5: Growing a good economy.

The Elizabeth Line, the transformation of Oxford Street, Crossrail 2 and many other significant transport and public realm schemes, will make the West End better connected by public transport, cycling and walking. However, currently the plan is lacking in setting out a detailed plan for growth in the West End and specific policies to take advantage of the opportunities for good growth.

Policy SD4: The Central Activities Zone (CAZ)

We broadly welcome the direction provided by Policy SD4: The Central Activities Zone (CAZ). The strategic functions outlined in para. 2.4.4 accurately attest to the need for bespoke policies to support its world city functions, and why they should be “promoted and enhanced” at every opportunity.

We are particularly supportive of the recognition in Policy SD4 B that the “nationally and internationally significant office functions of the CAZ should be supported and enhanced by all stakeholders, including the intensification and provision of sufficient space to meet demand.” We will respond in more detail to office policies in the CAZ in the next section.

We strongly support Policy SD4 F and its aim that “the vitality and viability of the international shopping and leisure destinations of the West End and Knightsbridge together with other CAZ retail clusters should be supported.” We also strongly support Policy SD4 E which calls for culture, arts, entertainment, night-time economy and tourism functions to be promoted and enhanced, though feel that specific guidance on the unique CAZ aspects of these policies is lacking in detail. While we appreciate that this may be expanded in local plans, we feel this is a missed opportunity for the Mayor to define an ambitious vision for growing and diversifying the evening and night-time economy (ENTE).

We welcome the identification of the changing nature of retail and the consumer experience, and the challenges and opportunities it brings (para. 2.4.11). It is particularly important to focus on this area in the context of the recent revaluation of business rates, which has put extreme burdens on an already ultra-competitive sector. The demand for 375,000 sq m of additional comparison goods retail floorspace over 2016-2041 (after the committed pipeline) is identified, though there is no proactive policy to support its delivery and we remain sceptical that the need for positive policy support has been understood. This should be addressed in the final version to create a stronger presumption for new retail development in CAZ retail clusters and particularly international centres.

Whilst the plan at para. 2.4.11 acknowledges the rise of multi-channel retailing on the capital; it does not recognise that consumers visiting the CAZ and the West End are often pursuing a more experiential visit than simply a shopping trip. The London Plan should recognise that as retailing becomes more experience based there is a need for a more flexible and permissive approach to change of use that allows these new format stores that may be less traditional A1 retail but more a sui generis use or flexible A1/A3.

Furthermore, while the identification of the West End with “arts, culture, tourism and entertainment activities” (para. 2.4.9) is important, the plan should specify the boundaries of the West End Retail and Leisure Special Policy Area (WERLSPA) in more detail (para. 2.4.10). Given the centrality of this area to

the Mayors objectives to grow and diversify the evening and night-time economy, more detail is required. The new designations of the 'West End' and WERLSPA have significance in policy and require further specific guidance that is currently missing from the draft plan.

Policy SD4 M is supported insofar as it emphasises the need to protect capacity for industry and logistics within the CAZ, particularly sufficient capacity for freight consolidation and last mile distribution. Business Improvement Districts (BIDs), working closely with boroughs, have pioneered these schemes. However, strategic coordination to require the provision of consolidation hubs is now required, and stronger links could be drawn here to Policy E4: Land for industry, logistics and services to support London's economic function and Policy T7: Freight and servicing. Creative solutions are required to ensure the necessary space is provided, and that sustainably logistics facilities in the CAZ are provided to a much wider group of businesses, including SMEs. Specific mention of identifying sites for micro consolidation hubs within the CAZ in Local Development Plans would support this and para. 2.4.18 should be strengthened accordingly. Specific reference to BIDs to achieve this would be welcome.

However, given the importance of the West End to the UK's economic growth we believe that the London Plan should contain greater and more detailed guidance for its future growth. It generates the largest proportion of tax collected by the Exchequer, £17 billion per annum, including 8% of all National Non-Domestic Rates. Furthermore, The West End is primarily responsible for London's status as the world's most popular international visitor destination, attracting 18.7 million visitors in 2014, spending £11.8 billion and supporting 300,000 jobs².

There is welcome recognition that the strategic functions of the CAZ are supported "by the connectivity provided by public transport, walking and cycling networks." We agree that the CAZ, and in particular the West End "requires different or tailored approaches to the application of national policy to address its distinct circumstances (para. 2.4.2)" in line with our comments.

Policy SD5: Offices, other strategic functions and residential development in the CAZ

It is vital to prioritise commercial and culture development in the CAZ, especially within the overheated sub-market of the West End. Evidence from the London Office Policy Review 2017 (LOPR) has shown the scale of the challenge in the Westminster CAZ, which has seen a loss of office floorspace since 2005 (even before the temporary permitted development right, and since protections have been put in place); it states that "only Westminster stands out for suffering large scale, residential driven loss of floorspace."³

From 1990 to 2015 prime commercial rents have increased in the West End by 600%, in comparison to 180% in the City of London and 350% across London.⁴ The review continues that "the West End remains the market, alongside Midtown, where demand most strongly outstrips supply"⁵ with a particular challenge to secondary commercial space, which has seen a loss to residential conversion, and rising rents from shortage of supply which has pushed out SME's and start-ups from the West End market.

² WEP Vision and Delivery Plan, 2015-2030

³ GLA London Office Policy Review 2017 (LOPR), p. 126

⁴ LOPR, p. 62

⁵ LOPR, p. 89

The plan has employment projections of 619,300 jobs by 2041 with estimated need for 3.5 million sq. m. of office space in the CAZ and Northern Isle of Dogs (NIOD).⁶ Over 300,000 square metres of office space have been redeveloped or converted to residential properties in Westminster's Central Activities Zone since 2010 according to the City of Westminster's own figures⁷.

In 2016-16, reports were commissioned by New West End Company and Westminster Property Association to determine what level of additional commercial space would be required to accommodate the proposed jobs growth target for the West End. The first concluded that to house the full 77,000 additional jobs a total of 1.9 million sqm of new commercial accommodation would be required. The second showed that to accommodate 30,000 jobs in the Oxford Street district (around 40% of the total) 750,000 sqm of net new commercial space would be required⁸

With that demand, and a policy environment that remains challenging for intensifying commercial sites in the West End, there is currently only 3.6 years of office space supply available (newly completed, in construction or with planning permission), compared to 8.9 years of office supply in City of London, 26.2 years in Docklands, and 9.5 years in Central London as a whole⁹. It is in this context that we welcome the broad principles of Policy SD5: Offices, other strategic functions and residential development in the CAZ.

The removal of Policy 4.3 of the current London Plan, which required that "increases in office floorspace...should provide for a mix of uses including housing", is welcome. It has often proved difficult to implement, especially when looking to intensify smaller sites. This was partially addressed with greater flexibility in Westminster 2015 City Plan and the 2015 CAZ SPG, although figures continue to show a loss of space to residential conversion and lack of supply since these policy changes. Furthermore, the increase in residential space in the West End inevitably leads to conflict with its strategic uses, particularly those associated with the evening and night time economy (ENTE). We do not regard it as sustainable to accommodate significant quantities of new residential development in the core commercial areas of the CAZ and would support the view that residential growth should be "incremental" at most (Table A1.1 – Town Centre Network). Further action is now required, and Policy SD5 should be strengthened given the failure of current policy to stem the loss of commercial space to residential and bring forward sufficient new supply.

New Policy SD5 G states that "mixed use office/residential development proposals are supported in principle...where there is an equivalent or net increase in office floorspace." We would seek clarity in the guidance about how the Mayor wishes this policy to be implemented as it remains unclear. While para. 2.5.4 states that offices and other CAZ strategic functions should be given "greater weight relative to new residential developments" it is unclear whether the Mayor would regard local policies mandating a residential component on site for any commercial space uplift to be in line with this new policy. Based on

⁶ LOPR and Table 6.1 of draft London Plan

⁷ Making of Westminster's Article 4 Direction for changes of use from BI(a) (offices) to C3 (dwelling houses), City of Westminster, 26 January 2018, para. 4.13

⁸ Volterra: Note on Westminster employment and floorspace (NVEC), WEP Vision and Delivery Plan, 2015-2030, West End Vision 2030, The Case for the West End (Aug 2016)

⁹ LOPR, p.100

the evidence presented in the LOPR and the continuing loss of office floorspace to residential despite policy changes, we regard this clarity as vital to successful delivery of the Plan.

To support a deliverable approach to intensifying employment sites to meet the very ambitious targets of the plan, and in line with Policy GG2: Making the best use of land, we feel that Policy SD5 I should be strengthened to make it explicit that in core commercial areas of the CAZ, local approaches to mixed-use development should *always* allow land use swaps, credits and off-site contributions to sustain the strategically important commercial activities of these areas. Explicit reference to the International centres of the West End, Knightsbridge and WERLSPA should be included here.

A coordinated approach to introducing Article 4 directions, as outlined in Policy SD5 F, to remove office to residential permitted developments is strongly supported, as an essential first step to protecting office space from usually permanent loss to residential. Westminster City Council is currently consulting on their draft Article 4 Direction, and we fully support this. There is no evidence that the type of residential space that would be brought forward in these extremely high value areas would provide any benefit to Londoners or meet any housing need without severely compromising viability. Indeed, Westminster City Council point out that “units of housing being delivered tend to be large...and it is questionable whether this represents optimisation of the number of residential units on development sites as required by policy SI4 of the Westminster City Plan.”¹⁰

SD9: Town centres: Local partnerships and implementation

We welcome Policy SD9: Town Centres: Local partnerships and implementation, though it should make clear that this applies to centres not identified within Policy SD7: Town centre network within the CAZ such as the International Retail Centres of the West End and Knightsbridge, the broader WERLSPA, CAZ retail clusters and other specialist centres. In particular the recognition of the role of Business Improvement Districts (BIDs) in developing “strong, resilient and adaptable town centres (Policy SD9 A)” applies equally to these areas and there is by far the densest concentration of BIDs within the CAZ.

We would also support the Article 4 Directions to be extended to cover other permitted development rights in Policy SD9 C I), when supported by evidence. For example the City of Westminster has implemented an Article 4 Direction in respect of A1 to A2 uses due to a loss of retail floorspace to estate agents.

Policy D8: Tall buildings

We support the intention of this policy, to ensure that proposals for tall buildings are of the highest design quality and are assessed robustly. However, we are concerned that the current Policy D8: Tall buildings permit local policies on building height require further clarity to optimise densities and consequently the area’s development potential. This is vital in the context of our comments on Policy GG2, Policy SD6 and Policy E1 and the need to plan proactively for the intensification of sites to meet growth targets. To safeguard against this, policy D8 should be amended to contain specific guidance to

¹⁰ Making of Westminster’s Article 4 Direction for changes of use from BI(a) (offices) to C3 (dwelling houses), City of Westminster, 26 January 2018, para. 4.13

boroughs on appropriate locations for tall buildings including specifically within the CAZ, town centres, transport nodes and OAs.

In its consultation paper “Building Height: Getting the right kind of growth for Westminster” WCC states that “being at the heart of a world city there is no room for a ‘no growth’ option”. The council continues “we have to find an additional two million square metres of business floorspace to accommodate an additional 77,000 jobs and to make up for the significant amount of office space we have lost to housing since 2005”. There is particular scope in the West End for well-designed roof level extension, which could provide a very significant contribution to the office floorspace demand.

Policy D12: Agent of Change & Policy D13: Noise

Policy D12: Agent of change is strongly welcomed and is a long overdue recognition of the challenges faced by noise-generating businesses. We congratulate the Mayor for bringing forward this policy both through his Culture and Night-time Economy SPG and now in the draft London Plan and his strong support on this issue.

The logic of the Mayor’s argument that “development should be designed to ensure that established noise-generating venues remain viable and can continue to grow without unreasonable restrictions” may require stronger actions than simply improved screening and soundproofing. Policy D12 D should include the potential to impose further conditions on new residential or noise-sensitive development to prevent complaints from residents leading to further restrictions, or even the closure of venues. These could be written into leases through a ‘deed of easement’ or through planning conditions that effectively allow venues to continue operating and growing. We would welcome this being extended to all purchasers or tenants moving next to noise generating venues, however we appreciate this is outside of the scope of planning policy. Stronger guidance on design is welcome, but not sufficient in this case to effectively apply the agent of change principle and protect valuable cultural, leisure, entertainment and music venues.

Policy E1: Offices

We support the approach taken by the Mayor in Policy E1: Offices. We note the projections of 267,700 jobs to be accommodated in the CAZ and Northern Isle of Dogs (NIOD) require 3.5 million sq m of additional office floorspace. We support and welcome the additional protections in the plan for existing employment space and the strategic approach to new public transport, cycling and walking. However, the same strong direction to local planning authorities that has been applied to providing new homes has not been applied to commercial space. Stronger support for intensifying existing employment sites in line with our comments on Policy SD6 and Policy D8 would go some way to achieve this.

Policy E1 I: Skills and opportunities for all

A large portion of the UK’s construction workforce is EU citizens, and Brexit harm the future of the industry. The GLA should ensure that the London Plan is aligned with the Skills Strategy. We are supportive of the approach laid out in Policy E1 I: Skills and opportunities for all, particularly the need for training and apprenticeship opportunities to be coordinated to ensure they are completed.

Policy HC6: Supporting the night-time economy

London already has the most varied and developed evening and night time economy (ENTE) in the world and we warmly welcome the positive [Policy HC6: Supporting the night time economy](#). For a detailed account of Heart of London's view on the opportunities for growth and diversification in the ENTE please refer to our submission to the Night Time Commission¹¹.

Heart of London represents the most mature part of the ENTE in London and some of the world's most important cultural institutions. These range from the Royal Academy of Arts, National Gallery, and National Portrait Gallery, to the theatres of Shaftesbury Avenue, the cinemas of Leicester Square, casinos including the Hippodrome, as well as numerous bars, restaurants, offices and hotels – big and small.

Over 200 million visits are made to the West End every year, with some of the world's best entertainment, culture and hospitality; generating over £11 billion in sales¹². We strive for the West End to have the most varied and high quality evening and night time offer for visitors, workers and residents. In large part that is what is achieved, though there is huge potential for growth in this area, underlined by London First and EY's research into the economic value of London's night time economy (NTE) and potential of the Night Tube¹³.

A detailed cost benefit analysis conducted by Westminster City Council (WCC) in 2015 estimated that the core West End, representing just 4.5% of the borough's area (and 2.9% of its resident population), generated a combined revenue of £428m in 2013 just from 'core' night-time economy activities such as drink, food and entertainment¹⁴.

In terms of economic benefit, the ENTE far outweigh the costs to the public sector. These benefits are only expected to rise as the way that we live, work and socialise evolves. We welcome the recognition of the West End as an area of international or national significance for the night-time economy (NTI) in [para. 7.6.3](#). However, we feel that this definition is overly broad and has not been subsequently utilised in policy to drive growth. By not requiring any specific action in policy from local boroughs, or support for new night time uses, there is a high risk that the Mayor's goals will not be delivered.

Even in internationally recognised centres for the ENTE like the West End, the range of activities on offer at night is highly restrictive, certainly compared to international equivalents. This would be helped by more positive and considered use of the planning system to proactively plan for the ENTE, as encouraged in the Mayor's 'Vision for London as a 24-Hour City'. A lack of effective alignment of planning and licensing policy in most areas means that there is no long-term vision for how the night time operates in town and city centres, and policies on hours and uses frustrate opportunities for responsible and managed growth. [Policy HC6 A](#) is hugely welcome in this regard, requiring boroughs to produce their own visions for the night time economy; we would hope that this takes account of the positive economic and social benefits of the ENTE as well as the costs.

¹¹ Heart of London Response to the Night Time Commission (2018)

¹² WEP Vision and Delivery Plan, 2015-2030

¹³ London First and EY, The Economic Value of London's 24 Hour Economy (2016)

¹⁴ Westminster Evening & Night Time Economy: A Cost Benefit Study for Westminster City Council (2015)

A diverse culture and night time economy offer has the potential to lead to a more inclusive and responsible street culture at night, if accompanied with strong management and partnership working, with a wider range of groups attracted to the ENTE and less focus of vertical drinking activities. We would welcome a clearer distinction between different types of ENTE venues. Policy HC6 B should separate the definition of ENTE cultural venues in section B6 into further categories, recognising the very different role theatres, cinemas, music and other arts venues play when compared to pubs and night clubs. The former has a role to play in diversifying the ENTE in areas of high concentrations of alcohol led venues and making the night-time more accessible and inclusive. Policy HC6 should be amended to support this type of diversification.

Finally, we feel that BID's should be explicitly recognised for their roles in promoting and managing the night time economy. Where they exist, BIDs have played a vital role working in partnership with the local council, businesses, residents and the police to promote a responsible, safe and flourishing ENTE.

Strong partnership work and industry standards have made huge progress; Heart of London works in close partnership with the Greater London Authority (GLA), Westminster City Council, the West End Partnership and the Metropolitan Police to promote a responsible night time economy. Crime and anti-social behaviour (ASB) associated with the ENTE have been on a long downward trend and we need to be positive about the opportunities and benefits that the ENTE brings.

We have worked with Leicester Square businesses since 2010 to achieve Purple Flag accreditation, in recognition of a well-managed evening and night time economy, and in 2016 we expanded this area to include Piccadilly Circus businesses. We launched the first Best Bar None scheme in Westminster last year with our members to encourage high standards not just for pubs and clubs, but for all evening and night time venues.

This is part of a wider approach of piloting a range of schemes under a new initiative called the Westminster Licensing Charter, a partnership with Westminster City Council and the Metropolitan Police. The objective is to responsibly manage and grow the evening and night time economy, while being considerate of the needs of residents and vulnerable people.

Policy HC6 C should refer to BIDs as a key stakeholder and the guidance should recognise that boroughs should work with BID's, where they exist, on management, security, servicing, cleansing and placemaking strategies.

Policy T9: Funding Infrastructure through planning

It is recognised that particular mechanisms for funding major infrastructure projects will often be controversial, through we agree that business should play its part in line with Policy T9: Funding Infrastructure through planning. Businesses across London are likely to be expected to pay increased sums through these routes over the period of the Plan. It is essential, therefore, that the details of the use to which the funds will be applied, the time periods for the payments and the overall budgets for the relevant projects are all fully transparent. The Policy should include an obligation on the Mayor to provide this information in a timely way.

Given the long time period of the Plan, this Policy cannot be separated from new sources of funding envisaged by the Mayor and being sought from central government. These include devolution of certain taxation powers, as recommended by the London Finance Commission and the exploration of new sources of finance from sharing in land value uplift. Both these approaches are described in paras. 11.1.58 – 11.1.65, but could also usefully be included in this Policy.

Conclusion

We welcome the ambition of the draft London Plan and its emphasis on achieving the sustainable good growth our city needs. We acknowledge that emerging local plans may expand on many of the issues that we have commented on. However, given the importance of the West End to the UK's economic growth we believe that the London Plan should contain greater and more detailed guidance for its future growth.

Heart of London look forward to working with the Mayor, and local West End partners such as the West End Partnership, Westminster Property Association, London First and other Westminster BIDs, to build on the draft London Plan with additional strategic guidance for the good growth of the West End.