

Examination of the London Borough of Tower Hamlets Local Plan

Schedule of Matters and Issues for the Examination

Matter 7, Issue 7

Representor ID: 624580/Canary Wharf Group Plc

27 July 2018

Hearing Statement on behalf of Canary Wharf Group Plc ("CWG")

Matter 7: Employment and Economic Growth

Issue 7 - Are the policies justified, deliverable and consistent with national policy? Are the site allocations proposed by the LP in relation to employment and economic growth clearly justified and appropriately defined?

7.1 - Is the overall amount of employment provision and its proposed distribution consistent with the evidence base?

7.3 - What evidence is there to support the approach to designated employment locations adopted by policy S.EMP1 – how will the policy be implemented effectively?

7.12 - Does policy D.EMP4 provide sufficient flexibility in terms of redevelopment within designated employment areas?

1. Our concerns in relation to the issues raised in 7.1, 7.3 and 7.12 overlap in certain respects. For this reason we have taken these three points together.
2. The introduction section of Part 3, Chapter 5 of the Regulation 19 consultation draft Local Plan (October 2017) sets out the jobs growth projections and required quantum of commercial floorspace needed to accommodate these targets (Table 2 'Floorspace and Job Projections' page 80). Draft Policy S.EMP1 (page 82) sets out the various employment location designations across the borough. This policy aims to protect and enhance the borough's key employment locations in order to achieve the jobs growth targets. We discuss our concerns with the employment projections used to set the jobs targets below in response to Issue 7.2.
3. Here we will focus on the distribution of the employment provision, with particular focus on the policy approach to Secondary Preferred Office Locations (POL).
4. Draft policy S.EMP1: 'Creating Investment and Jobs' (incorporating the Council's proposed Minor Modifications) states that the role and function of Secondary Preferred Office Locations is as follows:

"These contain, or could provide, significant office floorspace to support the role and function of the Primary POL and the City of London. ~~Significant~~ Greater weight is given to office and other strategic CAZ ~~Central Activities Zone~~ uses as a first priority. Although residential uses can be accommodated, these ~~must~~ should not exceed 25% of the site area floorspace provided and ~~must~~

~~robustly demonstrate that the supply of sufficient employment capacity to meet future need is not being compromised."~~

5. This policy is underpinned by several evidence base documents, namely:
 - SED 28 – Employment Land Review 2016
 - SED 29 – Preferred Office Location Boundary Review 2017
 - SED 32 – GLA Central Activities Zone (CAZ) Supplementary Planning Guidance (SPG) 2016
6. The CAZ SPG provides guidance to boroughs when developing local policies on balancing the priorities within the CAZ (the north of the Isle of Dogs falls within the CAZ). The CAZ SPG sets out three zones:
 - Category A – Residential development not appropriate (Commercial core areas)
 - Category B – Office and other CAZ strategic functions should be given greater weight relative to new residential
 - Category C – Offices and other CAZ strategic functions may be given equal weight relative to new residential
7. The CAZ SPG states that the commercial core area in Category A should be defined locally. SED 29 'Preferred Office Location Boundary Review' provides the evidence used to support the allocation of the Category A (Primary Preferred Office Location) and Category B (Secondary Preferred Office Location) zone within the borough. This is illustrated in Figure 11 on page 86 of the draft Local Plan.
8. A number of strategic site allocations within the North of the Isle of Dogs fall within the Secondary POL, including Billingsgate Market, North Quay, Wood Wharf and Riverside South. As set out above draft Policy S.EMP1 states that where mixed use development is proposed within Secondary POL, residential development should not exceed 25% of the floorspace provided.
9. There is no justification for this approach to applying a specific weighting on residential uses over office and other strategic CAZ uses. The CAZ SPG states greater weight should be applied, but does not indicate the application of a quantified percentage.
10. SED 29 'Preferred Office Location Boundary Review' acknowledges this fact in paragraph 1.6 where it states *"we note there is no guidance on how the terms 'greater weight' and 'equal weight' should be applied."* It then goes on to apply a 75% weight as a guide to help inform the boundaries while acknowledging that achieving 75% will not be deliverable on all sites. This evidence base document proceeds to use this guide to weighting as a method of testing various scenarios to help inform the boundaries that were drawn.
11. Therefore the translation of this guide into the wording of the policy is unsound as this approach is not justified through evidence. As set out in paragraph 182 of the NPPF, Local Plans should be positively prepared.
12. Whilst we acknowledge that that draft Policy S.EMP1 is a borough wide policy, the application of this limitation to Secondary POL affects four of the boroughs strategic site allocations within the North of the Isle of Dogs. Whereas there are no strategic site allocations within the Secondary POL around the City Fringe.
13. There are a number of factors relevant to these sites that demonstrate that the application of this 25% weighting is not justified. The permitted outline planning permission for Wood Wharf,

which is currently being implemented with several Reserved Matters Applications approved and initial phases under construction, does not fit within this 75% office and CAZ uses versus 25% residential test. Calculating this split on a floorspace basis against the illustrative masterplan for the site shows the ratio of residential is 60% compared to 40% office and other strategic CAZ uses.

14. An application for North Quay was submitted to Tower Hamlets in April 2017 (LPA ref. PA/17/01193). This application has subsequently been withdrawn, however the balance within the proposals were circa 40% (residential) to 60% (office and other CAZ uses) and this balance was found to be acceptable by LBTH planning officers following an independent review by their specialist consultants.
15. In addition, the Council's Local Plan Viability Assessment (2017) tests the viability of several strategic sites, including Billingsgate Market. The scheme put forward in this assessment for Billingsgate market is balanced as 47% residential versus 53% office and other CAZ uses.
16. Therefore, we consider this specific target should be removed to ensure that the required flexibility is drawn through into the development plan policy to ensure that the Plan has a positive approach toward development in the borough.
17. We propose that in order to be positively prepared, justified and effective in line with Paragraph 182 of the NPPF the wording in draft Policy S.EMP1 that relates to the Secondary POL should be amended to refer to greater weight being given to offices and other strategic functions relative to residential in line with the guidance set out in the CAZ SPD. We propose the following amended text to reflect the CAZ SPG (in green):

*"These contain, or could provide, significant office floorspace to support the role and function of the Primary POL and the City of London. ~~Significant~~ **Although residential uses can be accommodated** ~~Greater~~ **greater** weight is given to office and other strategic **CAZ Central Activities Zone uses as a first priority. Although residential uses can be accommodated, these must** ~~should~~ **not exceed 25% of the site area** ~~floorspace provided and must robustly demonstrate that the supply of sufficient employment capacity to meet future need is not being compromised."~~*

7.2 - Is the job growth target informed by robust and up to date evidence? In what way does the target relate to the planned level of housing growth?

18. Draft policy S.EMP1 (page 82) sets out the Council's objectives to support, protect and enhance the Borough's designated employment locations in order to meet the borough's employment target of 125,000 jobs by 2031. This target is based on the GLA's long term labour market projections.
19. Paragraphs 5.3 – 5.5 in the Introduction section of Chapter 5 set out the basis of the GLA's projections in the context of alternative projections published by Experian. Experian's projections for employment growth in Tower Hamlets are significantly lower at 36,481 jobs over the same period. The rationale for the difference between these employment projections is explained briefly within these paragraphs of the Plan and in greater detail within the supporting evidence base document (SED 28 Employment Land Review 2016).

20. We submitted a detailed response to our concerns of the application of the projections to inform the job growth targets in our representations made on the Regulation 18 draft Local Plan¹ and Regulation 19 Local Plan².
21. In order to avoid repetition of what is set out in detail within our previous representations we summarise our key concerns and reasoning as to why we do not feel the jobs growth target is informed by robust evidence.
22. The GLA's employment projections methodology is based on past growth trends whereas Experian's projections are based on an overall assessments of the national and local economy and apportion growth across London.
23. Tower Hamlets has experienced that highest level of employment growth compared to all London Boroughs between 1998 and 2014 (108%). Second to Tower Hamlets are Newham and Islington, which in comparison grew by 52% in this time.
24. Both the draft Local Plan and the supporting evidence base acknowledge the limitation of the GLA projections in this context but then proceed to apply these to set the job growth target.
25. As set out above draft policy S.EMP1 restricts development within the borough's Secondary Preferred Office Locations giving significant weight to office and other strategic CAZ uses. The supporting text does not provide further clarification as to what tests would be used to establish if there was sufficient employment capacity to meet future need.
26. If the jobs growth target forms the basis of this conditional approach to mixed use development in the Secondary POL, it could make some of the large sites within these areas undeliverable.
27. In addition the use of this higher employment growth projection as a jobs growth target does not take into account the competing policy requirements for housing growth and the wider objectives for this area. These sites within the Secondary POL in the North of the Isle of Dogs play an important role in the delivery of the mix of uses required to ensure the long term sustainability of Canary Wharf as a strategic employment location. The diversification of this commercial area by introducing residential uses is fundamental to Canary Wharf maturing from a commercial centre into a town centre and being an attractive location for new and diverse businesses. New residents help the viability of the supporting uses needed to maintain a successful commercial centre sustainable in the long term.
28. SED 28 Employment Land Review 2016 states in its conclusions that the GLA projections are aspirational. It goes on to state that this level of employment growth in Tower Hamlets would not be sustained by the local labour market and would require workers from outside of London and beyond the Green Belt.
29. The draft Local Plan sets out local employment assumption of 78,975 jobs, for the Isle of Dogs and South Poplar Sub-area in Part 4 'Delivering Sustainable Places' (paragraph 5.5). It is not clear from SED 28 Employment Land Review where this specific target has come from for this area.

7.5 - Has sufficient land been identified to meet the short and long term employment needs of the borough over the plan period?

¹ See Letter dated 30th December 2016 and Appendix 8 'Isle of Dogs Employment Targets'

² See Letter dated 13th November 2017 and Appendix 5 'Employment Policies Review'

30. The approach taken in the draft Local Plan to the designation of employment locations is underpinned by job growth targets. We already have outlined in response to issue 7.2 our concerns over the approach to setting these targets.
31. As set out in our response to 7.2 above, the draft Local Plan sets out local employment assumption of 78,975 jobs, for the Isle of Dogs and South Poplar Sub-area. We have already questioned the application of this target to this sub-area.
32. We have undertaken detailed research on the progression towards meeting the employment targets set for Isle of Dogs and South Poplar Opportunity Area set out in the London Plan. We submitted this research as part of our representations on the Regulation 18 draft Local Plan (See letter dated 30th December 2016 (Appendix 8) and Regulation 19 draft Local Plan (See letter dated 13th November 2017 (Appendix 5)). This research found that the existing pipeline of development within Opportunity Area could meet and exceed the indicative employment capacity set out in the London Plan.
33. This provides further evidence that the application of a specific limitation on the balance between office (and other CAZ uses) and residential within the Secondary POL locations is not necessary to ensure the borough can meet the employment needs of the borough over the plan period. Looking beyond the plan period, there will be opportunities for the intensification of the Primary Office Location where buildings that were delivered in the initial phases of the development of Canary Wharf come up for refurbishment and redevelopment allowing for increased employment density.

7.6 - Is policy D.EMP4 consistent with paragraph 22 of the NPPF in terms of the context of the long term protection of allocated employment sites?

34. Paragraph 22 of the NPPF provides guidance for Local Authorities to ensure that planning policies avoid the long term protection of sites allocated for employment use. This states:
35. *“Planning policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. Land allocations should be regularly reviewed. Where there is no reasonable prospect of a site being used for the allocated employment use, applications for alternative uses of land or buildings should be treated on their merits having regard to market signals and the relative need for different land uses to support sustainable local communities.”*
36. Draft policy D.EMP4 (page 91) sets out the policy objectives for redevelopment within the designated employment areas. Part 1 and 2 of this policy states that any redevelopment within the Primary POL and the Secondary POL must be in accordance with draft Policy S.EMP1. However this does not apply any consideration of potential changes in demand and market signals, therefore unnecessarily protects employment sites in the long term contrary to paragraph 22 of the NPPF.
37. In order to comply with national policy the flexibility to accommodate needs not anticipated in the plan and to enable a rapid responses to changes in economic circumstances should be introduced into draft policy D.EMP4.

7.8 - Policy D.EMP2: 4 refers to at least 10% of new employment floorspace to be provided as affordable workspace. The supporting text at para 5.24 refers to letting the space at least 10% below

the indicative market rate for a period of at least 10 years. Are the thresholds reasonable? What evidence is there to support this approach? Will it be effective in implementation?

38. We support the delivery of affordable workspace in principle and recognise the need for employment space suitable for start-ups/ growing local business. However, we have serious concerns about the blanket approach that all major commercial and mixed-use schemes deliver 10% of the total floorspace as affordable (10% of market rate for a minimum of 10 years) as suggested by draft Policy D.EMP2 Part 4 (page 88).
39. The evidence base report which informs this policy is the SED 30 'Tower Hamlets Growth Sectors and SME Workspace Study (2017)'. This document looks at the existing provision and demand for workspace in the borough. The study sets out a number of recommendations in terms of how the Council should act to ensure the delivery and protection of workspace in the borough. One of which is through planning policy. The study suggests that council should consider "the development of specific policy guiding workspace provision in the borough....both helping to retain existing space and in helping to deliver new flexible and affordable space" (paragraph 6.13).
40. The study continues to set out some examples of similar policies within other London Boroughs. Hackney's Local Plan (2015) has a similar policy (Policy DM16 'Affordable Workspace'). However the wording of this policy includes an acknowledgement that this approach may not be suitable for all commercial developments. In addition it also acknowledges that there would be implications of this approach on viability.
41. In addition, the blanket approach taken within draft Policy D.EMP2 Part 4 does not reflect the evidence set out within the study which consider the location factors and perspectives from existing workspace operators. The study looks at the variations in the demand for workspace across the borough and how this differs within the City Fringe, the Eastern Fringe, the Central and Riverside area and the Docklands. Also, the demand from workspace operators varies. For example larger workspace providers such as Workspace plc and Bizspace want to own their own buildings whereas, other types of occupiers are only interested in Joint Ventures or leaseholds and management deals.
42. Applying this broad approach could seriously limit the ability to deliver office space for particular types of occupiers. For example, large format office buildings, could attract a sole occupier, who may want to lease or acquire an entire building. Applying this policy in this way could prevent the ability to attract occupiers.
43. We suggest that draft Policy D.EMP2 Part 4 is revised due the restrictions that this policy could have on delivery of office space and workspace in certain locations for particular occupiers.
44. In order to be justified, part 4 of the draft policy should be revised as follows (as set out in paragraph 111 of our Regulation 19 consultation Representations:

"Within major commercial and mixed-use development schemes, the Council should seek a proportion at least 10% of new employment floorspace should to be provided as affordable workspace. The proportion to be provided will take into account local demand for affordable workspace where appropriate as well as the delivery of other objectives for the site and of this Plan"

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