

# Place Shaping and Planning Policy and Scrutiny Committee

<b>Date:</b>	30 January 2019
<b>Classification:</b>	General Release
<b>Title:</b>	Draft City Plan 2019-2040 – Economic Growth
<b>Report of:</b>	Julia Corkey, Director of Policy, Performance and Communications
<b>Cabinet Member Portfolio</b>	Place Shaping and Planning, and Economic Development, Education and Community
<b>Wards Involved:</b>	All
<b>Policy Context:</b>	City for All
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## 1. Executive Summary

- 1.1 On 12th November 2018 the City Council issued the Draft City Plan for informal consultation ahead of the statutory Regulation 19 consultation that will commence in early 2019. The informal consultation ran for six weeks, closing on 21<sup>st</sup> December. The City Council undertook an intense period of engagement to listen to the initial feedback and explain the rationale behind our policy positions. Nearly 200 responses were received.
- 1.2. This report provides information on how the proposed policies in the Draft City Plan aim to support and encourage Westminster's continued economic growth, which can provide opportunities for all in line with the priorities of City for All.
- 1.3. The committee is invited to provide its feedback on the proposed draft policies to inform the development of the plan, ahead of the publication of a revised Draft City Plan for Regulation 19 Consultation.

## **2. Key Matters for the Committee's Consideration**

- 2.1 The committee are asked to consider the proposed approach in the Draft City Plan to:
- a) ensuring town centres and high streets can respond to the challenges facing the retail sector;
  - b) protecting against further net loss of office floorspace from the Central Activity Zone (CAZ) as defined on the map included in Appendix 1.
  - c) support development that secures economic growth in the North West Economic Development Area (NWEDA) as defined on map included in Appendix 3.

## **3. Background**

### 3.1 Introduction

- 3.1.1 The Draft City Plan 2019-2040 sets out draft policies for determining planning applications and shaping the future growth of Westminster. It includes policies on a wide range of matters, including identifying key growth areas, increasing housing delivery, supporting economic growth, providing design guidance – including on building heights and conserving our built heritage, and encouraging sustainable travel and greener living.
- 3.1.2 The City Plan is a statutory document that all local authorities are required to produce. While it was subject to informal consultation in November and December 2018, it must also be subject to formal consultation and independent examination before it can be adopted. It must also be consistent with national policy set out in the National Planning Policy Framework, and regional policies set out in the Mayor's London Plan. Once adopted, the plan will replace the 2016 Westminster City Plan, and saved policies from the Westminster Unitary Development Plan (UDP).
- 3.1.3 The City Plan complements and is aligned with the wider work on Economic Development which is led by the Economy Team. Whilst the City Plan provides a spatial framework and overarching policies on growth; the Economy Team leads the relationship management with stakeholders which make a difference at a city-wide and neighbourhood level. Businesses are encouraged to engage with local employment and apprenticeship programmes, including through the Westminster Employment Service and businesses benefit from connectivity projects which are improving broadband speed and affordable work spaces across Westminster, nurturing start-ups and micro businesses.

### 3.2 Economic growth

- 3.2.1 Economic growth forms a key pillar of our strategy for the future development of the city. With over 55,000 businesses in a diverse range of sectors, 754,000 jobs, and the highest economic output of any local authority in the UK, the

continued economic success of Westminster is of huge importance to both the London and wider UK economy. It also provides vital opportunities for residents to access employment. There is therefore a dedicated chapter of economy and employment policies within the Draft City Plan. It includes policies on:

- *Supporting economic growth* – setting where new office and other workspaces will be directed, and protection for existing space;
- *Town centres, high streets and the CAZ* – setting out the approach to retail and other town centre uses;
- *Markets and commerce in the public realm* – setting out support for markets and considerations for other forms of street trading;
- *Visitor economy* – setting out where existing arts, cultural and hotel uses will be protected and new such uses directed;
- *Food, drink and entertainment uses* – setting out such uses will be supported as part of the city’s offer whilst protecting residential amenity;
- *Special policy areas for Soho, Mayfair and St James, Harley Street, Portland Place and Savile Row* – setting out how development in these areas will respect the unique character and clusters of uses within these distinct parts of the city;

3.2.2 Beyond this, various other policies in the Draft City Plan will also support economic growth. For example, there are policies that recognise the importance of high quality digital infrastructure to how modern businesses operate, and the need to secure contributions towards employment, training and skills programmes – so that all sectors of society can benefit from economic growth. Policies on enhancing the public realm, managing congestion, and improving housing delivery, will also all help foster the right conditions for continued economic growth - by providing an attractive environment for both businesses and workers.

3.2.3 As the City Plan progresses, further detailed guidance on some topics will also be provided in the form of updated Supplementary Planning Documents. To this effect, plans are in place to also update guidance on the use of planning obligations. This will be used alongside the City Plan to help secure suitable financial contributions towards local recruitment, and ensure commitments set out in larger schemes employment and skills plans are implemented. This could include commitments to provide work experience and apprenticeship opportunities.

3.2.4 Given the diverse nature of policies on economic growth contained within Draft City Plan, the remainder of this report focusses on 3 key themes in more detail:

- The future role of town centres and high streets;
- The protection of office space in the Central Activity Zone (CAZ); and
- Economic development in the North West Economic Development Area (NWEDA).

### 3.3 Future role of town centres and high streets

3.3.1 It is well documented in the media that the retail industry is struggling amid fierce competition from online shopping – with several high-profile store closures and warnings of plans from operators to rationalise the distribution of physical stores. However, existing adopted policies in the 2016 City Plan and the Unitary Development Plan currently insist on a strong level of protection for existing shops (classified as A1 retail in the Use Class Order) – on the basis that doing so is necessary to protect the retail function of our town centres and high streets. While the protection of this function remains important, a new more flexible approach is now needed to enable town centres and high streets to adapt to the challenges they now face, and continue to thrive. Not doing so risks increased levels of vacant premises, and/or an overconcentration of uses such as hairdressers, beauty salons, or lower quality shops which do not contribute to the vitality of the high street (as change of use from a shop to any of these will not need planning permission).

3.3.2 Policy 15 in the Draft City Plan (included as Appendix 1 to this report) therefore aims to support the evolution of town centres and high streets as multifunctional places to work and spend leisure time, as well as shop. The intention is that a greater mix of complementary town centre uses will enable these areas to offer something different to the internet, and ensure they are places people want to visit and spend time. This in turn will support economic growth by helping sustain existing businesses, increasing consumer spend, and creating new jobs. Suitable uses which could be appropriate alongside predominant shop use could include cafes, restaurants, galleries, exhibition space, gyms, yoga studios and workspaces, particularly above the ground floor, and where they would not compromise the retail function of the designated centre. Policy also offers greater support for such uses within larger format stores to enable them to diversify and improve their offer to the consumer, and well managed 'meanwhile uses' to avoid long term vacancies, support small businesses, and add to the buzz of an area.

### 3.4 Protection of office floorspace in CAZ

3.4.1 Westminster is a global office centre, with an estimated 8.6 million sqm of office floorspace. Its offer is hugely diverse, catering for a full range of occupiers, both in terms of size and business sector. However, more than 570,000 sqm of office space has been lost from the city since 2005 – predominantly to residential and hotels. This is a trend we want to reverse.

3.4.2 The vast majority of Westminster (67%) falls within the Central Activity Zone (CAZ), which is defined by the Mayor in the London Plan in recognition of its rich mix of commercial uses that contribute to central London's wide appeal. This includes the clustering of office activity vitally important to the wider UK economy. Policy 14 in the Draft City Plan (see Appendix 2 of this report) sets out that there should be no net loss, and a substantial increase in office floorspace in the CAZ over the plan period - to maintain economic competitiveness and support jobs growth. It also recognises the need for new

office development to respond to modern ways of working – through the provision of co-working spaces and on-site amenities.

- 3.4.3 Alongside this policy, the City Council has committed to introducing an Article 4 Direction to ensure planning permission is required for any proposals for the loss of offices to residential within the CAZ. Under government reforms to the planning system, conversion of offices to residential do not normally need planning permission. However, when these reforms were originally introduced, the CAZ was given an exemption in recognition of the importance of the nature of office activity within it. This exemption is due to expire on 30<sup>th</sup> April 2019, and the proposed Article 4 will come into force on 1<sup>st</sup> May 2019 to ensure continued protection against permitted development rights..

### 3.5 Economic development in NWEDA

- 3.5.1 Policy 5 of the Draft City Plan (see Appendix 3) continues to promote economic development in the North West Economic Development Area (NWEDA), which covers Queens Park, Harrow Road, Westbourne, and part of Little Venice wards. This designation is carried forward in recognition that a concerted effort to secure increased job opportunities in these more deprived parts of the city are needed. Doing so will help ensure all sectors of society benefit from the city's economic growth, consistent with City for All priorities.
- 3.5.2 The policy recognises the potential scope in the area for a distinct offer to office growth expected in more central locations – where densities and land values are higher. Provision of spaces for creative industries, including workshops and spaces with community facilities, will help further diversify the city's employment offer and support the growth of small businesses. Policy 5 also seeks enhancements to Harrow Road District Centre as a focal point for surrounding communities, and to improve physical accessibility across the area to job opportunities in nearby growth areas including Paddington and Old Oak Common.
- 3.5.3 To continue to support employment space in the area, consideration could be given to introducing a further Article 4 Direction to protect specified employment sites within the NWEDA. Such intervention would be distinct from the Article 4 for the CAZ discussed in paragraph 3.4.3 above – as any justification for such action would be different to that of the CAZ given the different nature of employment provided.

### 3.6 Next steps

- 3.6.1 The Draft Plan is currently being revised in response to comments received through informal consultation with a wide range of stakeholders that was carried out in November and December 2018. In response to this report, recommendations from Scrutiny Committee on how the plan can further support economic growth are also now welcomed.
- 3.6.2 Once revised, the plan will be subject to a formal 6-week period of consultation before submission to the Secretary of State for independent

examination in Spring 2019. Post examination, the final plan (incorporating any binding modifications from the Planning Inspector), will be reported to Full Council for formal adoption. While the timescale for this will be dependent on the length and complexity of any examination, it is currently anticipated that adoption will be at the end of 2019.

**If you have any queries about this Report or wish to inspect any of the Background Papers please contact Sean Walsh x4152**  
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#### **APPENDICES:**

1. Draft City Plan Policy 15 – Town centres, high streets and the CAZ
2. Draft City Plan Policy 14 – Supporting economic growth
3. Draft City Plan Policy 5 – Spatial Development Priorities: North West Economic Development Area

#### **BACKGROUND PAPERS**

[Draft City Plan 2019 - 2040](#)  
[National Planning Policy Framework](#)  
[Draft New London Plan](#)