

Initial reactions to draft London Plan for consultation, January 2018

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Introduction

I am a lecturer in Planning and Urban Management at the Bartlett School of Planning, UCL. My research is concerned with the interface between planning and the economy, in particular the provision of affordable workspace for small businesses (the topic of my PhD Thesis), and planning for industry. I am a member of the London Industrial and Logistics Sounding Board and Just Space Economy and Planning. Both groups are submitting their own responses to the draft London Plan.

In this submission, I focus primarily on Chapter 6 (Economy) of the draft Plan, drawing on my research as well as insights gleaned through conversations with developers, planners, industrial occupiers, small businesses, community activists and others on this topic.

Relevant publications on these topics include:

Ferm, J. and Jones, E. (2016a) [Mixed use 'regeneration' of employment land in the post industrial city: challenges and realities in London](#), *European Planning Studies*, 10(4), pp.1913-1936.

Ferm, J. and Jones, E. (2016b) [Beyond the 'post-industrial' city: Valuing and Planning for Industry in London](#), *Urban Studies*, 54(14), pp.3380-3398

Ferm, J. (2016c) [Preventing the displacement of small businesses through commercial gentrification: Are affordable workspace policies the solution?](#) *Planning Practice and Research*, 31(4), pp.402-419. (Available open access)

Ferm, J., Jones, E., Edwards (2017) *Revealing local economies in London: methodological challenges, future directions*, UCL. Download eprint <http://discovery.ucl.ac.uk/1566799>

Ferm, J. and Jones, E. (2015) [London's Industrial Land: Cause for Concern?](#) UCL (University College London): London, UK.

[NB for those publications that are inaccessible behind a pay wall, I can provide earlier versions of the draft articles]

General comments

This chapter of the draft London Plan is a huge step in the right direction and I would like to commend all the important work done by officers in getting to this stage. Importantly, it moves away from the previous policy of managed decline of industrial land, which is welcome. It aims to take a harder-line approach through the introduction of a 'nil net loss' stance. It suggests that not all industrial activity needs to take place on parcels of land separated from the urban fabric and seems to want to move towards a vision of a more integrated city. However, the pressure that the London Plan is under to deliver capacity for housing, as well as protect green space/green belt, is all too evident here and it is clear that industrial land is where much capacity is being sought – through the new co-location policy and through the small sites policy in the housing chapter (and exemption of non-designated industrial sites from the nil net loss stance). In seeking to find a win-win solution, my concern is that London will – in fact – continue to lose industrial sites at an alarming rate. If the nil net loss policy is weak or difficult to enforce, then the co-location policy will quickly serve to facilitate the loss of industrial land to residential or rather bland mixed-use development, with no real capacity for industrial occupiers. The evidence so far suggests that the on-going loss of industrial land is being driven largely by real estate speculation rather than deindustrialisation (Ferm and Jones, 2015, 2016a).

Local authorities have been experimenting with 'mixed use' designations on sites previously protected (as SIL or LSIS) for a while. The outcomes to date have been worrying, resulting in residential development with a few scraps of commercial space (but certainly not suitable for industrial occupiers). My research (with Ed Jones, 2016a) looked at two London local authorities (Camden and Lewisham) as case studies and found that despite planning policies that include guidelines on the % of employment upon redevelopment, these policies appear to have been difficult to implement/enforce. More specifically:

- In Camden, despite very low vacancy rates in the industrial stock and high demand from businesses that require access to central London markets, the Council has de-designated its one remaining industrial area in Kentish Town for redevelopment. This was not part of an Opportunity Area designated in the London Plan, but was designated as a 'growth area' in the new Local Plan. Our research showed that there were three drivers for this shift in policy with respect to the borough's remaining employment land: A substantial increase in the borough's annual housing targets; a political commitment to selling off Council owned industrial sites as part of a borough-wide Community Investment Programme; and establishment of a resident-led Neighbourhood Forum and Plan in the area where most of the borough's remaining industry is concentrated.
- In Lewisham, between 2000 and 2012, the borough lost 32% of its industrial floorspace, from 568,000 to 386,000 sq m¹ - substantially more than the average for London (17.3%) and East London (19.7%) (LB Lewisham, 2013a). This is despite a planning policy framework designed to safeguard employment sites during this period. In 2008, consultants preparing the borough's employment land study found that "while the Borough's commercial property market is failing to create suitable new stock, choice for occupiers is shrinking and a spiral of decline is evident in which it will lose critical mass as a business location – if it has not already done so." (ibid, 37). Similarly, the Lewisham Business Growth Strategy suggested that a lack of premises is a key weakness for the borough (LB Lewisham, 2013a: 18). However, in the Core Strategy (LB Lewisham, 2011: Policy 4), seven of the 23 Defined Employment Areas in the 2004 planning framework were given a new *Mixed Use Employment Location* (MEL) designation, whereby only 20% of the floorspace is required to be in employment use (LB Lewisham, 2011: Policy 4). Our analysis of these seven MELs shows that all but one of these sites were being redeveloped under a single planning application, with housing as the primary focus. In some cases, the employment floorspace lost is offset through intensification with non-residential floorspace, but none of this floorspace is proposed for industrial use, suggesting a change in nature of the jobs to be accommodated.

Local authority planners in London are now operating in a national policy and political climate that is increasingly moving towards deregulation with a presumption in favour of development, but changes in planning policy at the local level are going beyond that required by national or regional policy guidance. The pressure on planners to meet ever-increasing housing targets is evident, but in the case of Camden it appears that the context of austerity politics, coupled with the increasing influence of local residents through the Neighbourhood Planning process, has served to weaken planners' previous stronger position on protecting remaining employment land. In Lewisham, justifications for the borough's planning policies have long referred to the need to support regeneration, but whereas employment was previously understood to be one of the fundamental building blocks, there has been a shift towards a housing-led approach to regeneration, whereby the release of industrial sites is key to delivering housing targets. Thus housing is now seen as part of the package of support for economic growth, required to attract skilled workers in high-growth sectors, which supports an economic growth agenda at a London scale, rather than a local one.

Early indications suggest that the approaches being taken in Camden and Lewisham are unlikely to deliver any substantial employment within the mixed use redevelopments facilitated by policy. Planning policy on its own is failing to deliver the mix of uses that could

¹ From Valuation Office Agency data, available at <http://data.london.gov.uk/dataset/commercial-and-industrial-floorspace-borough>

meet such aspirations. Arguably, pressures to meet housing targets mean there is little political will to enforce requirements for developers to deliver employment at the expense of more housing. Merely designating a site as 'mixed use' is unlikely to deliver mixed use in practice. Ironically, as local authorities are busy trying – and failing - to increase mixing through the deregulation of parcels of employment land, we are at the same time losing the fine grain of mixing that has been a natural feature of the city, a consequence of failed 20th Century attempts to remove non-conforming uses from residential areas and town centres.

So, the London Plan should not be over-optimistic in assuming its policies will be easy to implement at the local level, and wherever possible, it should be careful to not unintentionally facilitate further real estate speculation and rising hope values.

In addition, I believe it would help enormously if the London Plan could be **more visionary** in its approach to the subject of industry in London. The current tone is more reactive than proactive, and the language used suggests a rather limited function for industry (supporting the wider economy, rather than being an integral and important part of the rich and diverse economy we have).

As we argue in Ferm and Jones (2016b), industries that remain in London do so because they have close ties to their markets, other businesses in the supply or co-production chain, and labour. Niche manufacturers are much more reliant on being close to their markets, with access to skilled labour, driving agglomeration rather than dispersal. In new urban manufacturing there is now a closer symbiosis between production and design, research and development. This relies on access to skilled labour, which is more readily found in cities. Conversely, we make the argument that cities also need industry, to keep the city functioning to process its waste, to provide materials for its construction, and so on. Moving these essential functions further out has implications for efficiency as well as carbon emissions and environmental sustainability as the length of business-to-business trips increases. Although goods can be imported, demand from the city's businesses and residents are moving away from mass-produced goods towards more bespoke and 'just-in-time' products. The line between manufacturing and services is blurring as businesses increasingly bundle together goods and services to meet such demand. Retaining manufacturing and industry in cities also helps the city to be more diverse, and therefore more economically and socially resilient, making for a more interesting and vibrant city.

There is an opportunity here for the Mayor to adopt a strong leadership role. This will require looking beyond planning policy and striving for real leadership to bring together developers, landowners and businesses, not only exploring a range of design options for integrating industry with housing, but also alternative models for the ownership and management of land and premises which allow existing businesses to have a far bigger stake in their future.

Specific comments

1. **Policy E1 on Offices** provides a welcome focus on office markets in inner and outer London, clearly trying to move away from an overemphasis on the CAZ in the previous London Plan. However:
 - (a) it still gives the impression that there are limited office clusters in London, which are the focus for policy, and *overlooks the fact that offices are dispersed across London's high streets, industrial estates, and in residential areas, rather than falling neatly within defined town centre office locations or business parks.*
 - (b) It talks about 'clusters of world city businesses' without defining what those are, and without acknowledging adequately the "non-world city businesses" that also occupy office space and provide important jobs (and service financial and business services in the CAZ/Isle of Dogs). It could also make brief reference to the various industrial and service-sector business that support such offices.
 - (c) Guidance for boroughs on introducing Article 4 Directions to protect offices from office-to-residential permitted development seems to suggest that they should focus on 'office clusters'. However, in some boroughs, it is the vulnerability of

very small and dispersed offices (providing one or two residential units) that is of concern (e.g. Camden, as reflected in forthcoming 2018 report by UCL for RICS).

2. The introduction of **policy E2 on low-cost business space** is welcome, helping to clarify the difference between affordable workspace provided through planning obligations (policy E3) and business space that is relatively low-cost due to its location. However, the policy states that ‘the provision, and where appropriate, protection of a range of low-cost B1 business space should be supported to meet the needs of micro, small and medium sized enterprises...’. How viable is it to ‘provide’ new low-cost business space without cross-subsidy? Perhaps *the policy should focus on strengthening the protection of existing space*, and leave the provision part for policy E3 (to be delivered as subsidised affordable workspace through planning obligations).
3. **Policy E3 on Affordable workspace** is also welcome and there are some good guidelines in there for boroughs. However:
 - (a) the policy wording should be careful to remain clear about the *difference between affordable workspace and low-cost business space* (for example in B (1) it should refer to existing low-cost business space rather than affordable workspace).
 - (b) There is no reference in the policy to the length of the leases, or *mechanisms for securing affordable workspace in perpetuity*, rather than just 5-10 years which is the norm.
 - (c) It is unclear whether affordable workspace is *limited to B1 space or could include other B uses*. It would be good to be as broad as possible.
4. In **Policy E4**, the aspiration of nil net loss across London is welcome, but:
 - i. *The stated exceptions undermine the ambition/effectiveness of the policy*. Part C of policy E4 states that the nil net loss does not apply to non-designated sites, which make up 36% of industrial capacity in London. This is clearly a problem and has not been addressed in a transparent fashion with respect to the evidence base. Para 6.4.5 also states that it does not apply to sites previously used for utilities/transport infrastructure, which is not consistent with the evidence base (demand study). **Both these exceptions need to be deleted/addressed.**
 - ii. *It does not go far enough*. From the GLA’s own evidence base, and the summary of that in para 6.4.4, the upshot is (in simplistic terms) that – due to projected increased demand for industrial land in the forthcoming period (102ha) and the calculated 335ha of vacant industrial land – we can lose 233 ha of industrial land over the plan period. However, the same paragraph goes onto say that “in 2015, 185 hectares of industrial land already had planning permission to change to non-industrial use and a further 653 hectares were earmarked for potential release in Opportunity Area Planning Frameworks, Local Plans and Housing Zones.” If we do the sums (185+653-233), does this not therefore suggest that we need to actually *find* 605 additional hectares of industrial land over the plan period? If the 36% current capacity on ‘non-designated sites’ is not going to be protected by this policy (see below) then there will need to be a much more ambitious stance to providing new industrial accommodation. We really need to set local authorities **positive annual TARGETS** for industrial provision, similar to the way we approach housing.
 - iii. *We should carefully consider the unintended consequences of dividing London Boroughs into ‘retain’, ‘provide’ and ‘limited release’* (as in Part C of policy E4).
 - Based on past experience of sustained loss of industrial land over and above managed release targets, the new Plan should instead **strive for additional capacity wherever we can get it**, rather than effectively discouraging most boroughs from providing new capacity.
 - Part D should focus on where such ‘provision’ should be particularly encouraged, but avoid prioritising where capacity should be ‘retained’ as this gives an easy get out clause to many developers.
 - Boroughs in the ‘limited release’ category have been identified as such because they have ‘industrial land vacancy rates above the London average’ (para 6.4.8). But

there is a lack of understanding of the causes of this vacancy. Industrial developers and occupiers (Segro etc) tell us there is high demand in these boroughs, so could vacancy be due to lack of adequate infrastructure to support industry, poor quality of buildings, inflated house values/ land banking? There is a lack of detailed research on this issue, and it is simplistic to assume vacancy signals lack of demand. Industrial accommodation needs to be fit for purpose.

- *It lacks ambition and vision* - relying solely on the evidence base (whose methodology is based on employment projections and translating this into floorspace and then land requirements) fails to acknowledge the potential positive role of planning in actually **setting out a vision** and providing opportunities for growth where they have previously been stifled. It would be nice to see a plan that embraced more positively the opportunities for growth in London's industry (beyond simply servicing London's growth). The title of Policy E4 itself (Land for industry, logistics and services to support London's economic function) suggests a rather unambitious role for industry in London (yes, support/servicing etc is important and critical, but what about the future of urban manufacturing, and the potential for London to develop a green economy/circular economy for example?). **Part E of policy E4** talks about the fact that any release of industrial capacity for residential should be in locations that are (or are planned to be) well-connected by public transport. But most of the boroughs/locations where limited release is allowed/proposed (in East London) are in those locations where access by public transport is poor and there is inadequate provision in the pipeline. As in Barking Riverside. So what should be done? This relates to an overall lack of strategy/vision to make this all work.
- *Stronger explanation, guidance and requirements for both local authorities and developers are required to ensure nil net loss* explaining how local authorities will be required to work with this policy in both plan-making practice and development management decisions and how developers will be expected to respond in their development proposals.
 - The **London-wide application of this policy** (nil net loss across London) is **too broad** and open to manipulation/interpretation/confusion. A site or area based policy would be stronger and easier to manage/implement/monitor).
 - Both plan-making and site-based proposals involving redevelopment of industrial floorspace need to be linked to a clear **decant strategy**
 - Some of the **terms used are poorly defined** e.g. intensification, substitution, consolidation, rationalisation etc - open to different interpretation
 - Boroughs should be required – through London Plan policy – to develop adequate **baseline audits/maps** of their industrial land and accommodation capacity against which the policy can be measured

5. Policy E5 on Strategic Industrial Locations (SIL):

- should be much stronger in seeking to retain SIL wherever possible.* In previous iterations of the London Plan, and in the 2012 SPG, this was clearer, but now it appears that London boroughs are being encouraged proactively to identify the scope for intensification/co-location etc in defining their SIL boundaries. This opens the door for huge loss of SIL. Some industrial land does need to be protected from residential encroachment, purely for operational purposes. Is this not SIL's role and the purpose of its differentiation from LSIS and non-designated industrial sites? As it is written, the Plan simply reads as all industrial land is potentially up for grabs (which weakens the ambition of nil net loss).
- has been tightened to exclude non-industrial uses (including retail, places of worship, leisure and assembly uses), with no assessment on the impact on these other uses.* The purpose of the tightening of SIL uses in order to increase capacity for industrial to meet demand moving forward is sound. However, it appears that again the driver for this is accommodating as much new residential as possible. There is no consideration given to the overall crisis of accommodation across London for a variety of non-residential uses, where to date SIL and other industrial land has

provided relatively affordable and accessible accommodation. Has this been subject to an equalities impact assessment? (the impact on places of worship serving diverse ethnic and religious groups is likely to be notable).

6. The new **policy (E7)** on intensification, co-location and substitution is good in its intent to make more efficient use of land and encourage more integration of industry and other uses, potentially making industry a more visible and recognised part of our lively city. However:
 - i. *The aspiration is undermined by the large-scale potential loss of non-designated industrial sites* (see above), which tend to anyway be more intermingled with other uses in various urban typologies.
 - ii. *The driver for the policy appears to be the release of some land for residential use*, rather than increasing the capacity of industrial accommodation and maintaining the function of existing industrial uses
 - iii. *The policy needs to differentiate between intensification (through mixed use including residential) and intensification of industrial uses (via multi-storey etc)*. Presumably the latter could be encouraged on SIL/LSIS (indeed on any industrial site), whereas mixed use intensification is presumably not to be encouraged everywhere and would require a plan-led approach? The co-location of industrial and residential won't work in all cases and could undermine the integrity of SIL, the plan needs to be clearer on this. *Part D of Policy E7* indicates that mixed use or residential development proposals on non-designated industrial sites will be supported where x, y and z. Firstly, we should be encouraging mixed use over residential, not suggesting that the two are interchangeable. We should also be more prescriptive about the type of uses to be accommodated in 'mixed use' and the priority for industrial uses currently on site to be accommodated on site. Secondly, the wording of this policy is VERY encouraging to developers and will result in much release of non-designated industrial sites.
 - iv. *There is no evidence of the viability and deliverability of the intensification policy*. The Plan requires the development industry to bring forward proposals – what is the incentive? Might the diagrams and sections on p.251 show how industrial and residential could be accommodated together in vertical mixed use, as well as just side by side?
 - v. *There is a lack of clarity around floor space/yard space* in both Policy E4 and E7. The diagrams in E7 imply that yard space is redundant and an easy way to intensify. But we know from industrial developers and their occupiers that yard space is integral to operation. Therefore, where this is mentioned (e.g. Point C, Policy E4 and Point A, Policy E7), it should be made explicit that 'industrial floorspace capacity' includes operational yard space.
 - vi. *the policy of substitution should be a separate policy*, with a clearly defined strategy requiring collaborative working. It is not similar to intensification or co-location and only serves to suggest that this is all part of a strategy to facilitate residential development. Perhaps local authorities outside London who are willing to accommodate more industrial uses should be encouraged to do so in order to provide additional industrial capacity (rather than facilitate substitution).
7. **Policy H6 on the Threshold approach to applications** identifies the threshold level of affordable housing on SIL and LSIS deemed appropriate for release to other uses at 50% (higher than the 35% proposed across the rest of London). Although the land use designations of SIL/LSIS impact land values and therefore the potential profit to be made through redevelopment, *the higher requirement for affordable housing is likely to undermine the delivery of other objectives in chapter 6*, such as co-location of industry and housing, or delivery of affordable workspace through S106 obligations.

8. Use of term 'underused' in **Policy H2 on Small Sites** open to interpretation, making non-designated industrial sites particularly vulnerable. In fact, an assessment of the proportion of 'small sites' currently identified within housing capacity calculations that are currently 'non-designated industrial