



Lewisham Local Plan

Examination Hearing Sessions

Response to Actions

**Matter 8: Employment/Town Centre/Culture Policies
(Policies EC1; EC2; EC3; EC4; EC5; EC6; EC7; EC8; EC9;
EC10; EC13; EC14; EC15; EC16; EC17; EC18; EC19;
EC20; EC21)**

Prepared to inform the Local Plan Examination

September 2024

1. Introduction

- 1.1. This Paper is one of a series that provides the London Borough of Lewisham's (the Council's) response to specific actions raised, identified, and agreed during the course of the Lewisham Local Plan Examination Hearing Sessions. The actions are agreed with the Inspectors.
- 1.2. The Paper seeks to respond to a specific request for further information made during the Examination Hearing Session that discussed questions raised under Matter 8 Employment, Town Centre, and Culture Policies. In this case the Actions were raised on Tuesday 25 June 2024.

2. High quality employment areas and workspaces (Policy EC3)

Action 52 - Add clarification related to Sui Generis to make Criterion A clearer and amend wording to provide flexibility, including point iv.

- 2.1 The Council is responding to this Action by preparing an appropriate modification to the new Local Plan that will be the subject of a separate response.

Action 53 - Review/ remove wording of Policy EC3 (A) (iv)

- 2.2 The Council is responding to this Action by preparing an appropriate modification to the new Local Plan that will be the subject of a separate response.

3. Low-cost and affordable workspace (Policy EC4)

Action 54 - Provide evidence to support Criterion D, justifying B2/B8 floorspace.

Introduction

- 3.1 The new Lewisham Local Plan includes an approach towards ensuring that new employment land developments provide provision for affordable workspace units at an appropriate range of rents, particularly to meet the needs of micro, small and medium sized businesses, including start-ups. This is set out under Policy EC 4 Low-cost and affordable workspace. This includes the requirements for on and off-site provision; in terms of the latter where it is demonstrably justified. The Council responded to this issue under Matter 8 MIQ 8.15 – MIQ 8.22 (WS8/1). The Council maintains that the policy approach is sound and in accordance with the London Plan.
- 3.2 It is acknowledged that the Policy seeks to secure appropriate workspace contributions from a range of new major commercial development proposals. These are set out under Policy EC 4 Part D, which states that “New major commercial development proposals for Class E(g) office and light industrial, Class B2 industrial, Class B8 storage and distribution and similar Sui Generis uses must make provision for affordable workspace”.
- 3.3 The Council notes that the examination process has received representations that suggest that the scope of Policy EC 4 Part D is too wide and that industrial employment development proposals that continue to be classified as B2 and B8 uses (as opposed to industrial employment B2 and B8-type uses that now fall under Class E (g) (ii) and (iii)) should be excluded from the requirement. The representation made to the examination suggests that large scale employment sites should be excluded from the policy requirement because of the

London Plans (perceived) emphasis upon only meeting the affordable needs of start-up and SME businesses.

- 3.4 The Council maintains that the Policy EC 4 Part D requirements are justified by appropriate and proportionate available evidence; are in accordance with national planning policy guidance; the local context and market conditions; and the London Plan.

Context

- 3.5 Affordable workspace demand is on the rise across London, with workspaces closing across the capital including within the London Borough of Lewisham due to a range of issues including rising costs, leases not being renewed by landlords, and permitted development rights allowing landlords to convert commercial space into residential without needing planning permission.
- 3.6 The demand for workspace locally within Lewisham has risen since the pandemic due to the displacement of creative businesses for the reasons above, the rise of working from home and the growth in new businesses looking for “move on” space (from home working to commercial space). This demand is across a variety of sectors including commercial kitchen space, hot-desking, artist studios and small office space.
- 3.7 There has been consistent growth in jobs within the creative industries from 2016-across a range of creative, arts and entertainment sectors. The food and beverage sector has also seen sustained growth in jobs.
- 3.8 Furthermore, the Borough is considered a suitable location for businesses that currently operate within it and have a local market. The market suggests that workspace provided should be flexible in nature to accommodate a range of size requirements and critically be ‘fitted out’ to enable occupiers to be ready to move in. Finally, whilst availability and price are key considerations in choosing a workspace location, entrepreneurs also choose to locate or establish their business in interesting dynamic locations with good connectivity and good facilities.

Justification for Affordable Workspace Provision

- 3.9 The Council reiterates its response to Matter 8 MIQ8.116, which set out that Lewisham, like other places within Inner London, is becoming increasingly unaffordable. The absence of affordability has the potential to have a profound impact upon successful place-making, and also upon the fundamental delivery of new growth. The policy intervention may not be popular in certain quarters, but it is necessary.
- 3.10 The London Plan sets the strategic requirement for securing affordable workspace. This is set out under London Plan 2021 Policy E3 ‘Affordable Workspace’, which states that:
- “In defined circumstances set out in Parts B and C below, planning obligations may be used to secure affordable workspace (in the B Use Class) at rents maintained below the market rate for that space for a specific social, cultural or economic development purpose”*
- 3.11 The London Plan further expands the scope of the requirement by stating that:
- “Consideration should be given to the need for affordable workspace for the purposes in Part A above:*

- 1) *where there is affordable workspace on-site currently, or has been at any time since 1 December 2017, except where it is demonstrated that the affordable workspace has been provided on a temporary basis pending redevelopment of the site*
- 2) *in areas identified in a local Development Plan Document where cost pressures could lead to the loss of affordable or low-cost workspace for micro, small and medium-sized enterprises (such as in the City Fringe around the CAZ and in Creative Enterprise Zones)*
- 3) *in locations identified in a local Development Plan Document where the provision of affordable workspace would be necessary or desirable to sustain a mix of business or cultural uses which contribute to the character of an area."*

3.12 The Council contends that this is an important consideration as it extends the possible scope of an affordable workspace requirement to encompass proposals within or that support the Capital's Central Active Zone, within Creative Enterprise Zones (such as Lewisham's Creative Enterprise Zone Policy LNA 3), and at locations where affordability is impacting the ability to secure a sustainable mix of uses.

3.13 The Council highlights that the Greater London Authority has prepared further policy guidance on this matter. This is set out in the London Plan Guidance: Industrial and Land Uses. This provides further guidance in relation to the provision of affordable B2 and B8 workspace. It states that:

"The LPA's strategy for industrial capacity should also inform policy considerations around the redevelopment of individual industrial sites, including the following aspects: ... Viability and operational needs, and the functioning of industrial areas, when proposing affordable workspace requirements for Class B2/B8 developments."

3.14 The Guidance continues under its Section 3.5 'Approach to use Class E' which states:

"to reduce the pressure on designated industrial areas and the Class B2/B8 uses that depend on them. LPAs should not undermine the function and character of designated industrial areas and the separation from sensitive uses. With the focus of these designated areas on Class B2/B8 uses, Classes E(g)(iii) and E(g)(ii) could still help play a role, for example in improving the public realm through uses with active street frontages such as creative industry production or maker spaces."

3.15 The Council suggests that the above strategic planning guidance provides local plan-making a clear direction of travel on this matter.

3.16 At the borough-level, the Lewisham Affordable Workspace Strategy and associated action plan are aligned with Lewisham's Corporate Priorities, particularly the objective of fostering a strong local economy as set out in the Corporate Strategy (2022–2026). By securing affordable workspace, the Council seeks to generate job opportunities and attract businesses.

3.17 The Council adopted the Affordable Workspace Strategy and Action Plan in July 2023, following accreditation for Deptford and New Cross as Creative Enterprise Zones by the Mayor of London in 2019. This strategy aligns with London Plan 2021, Policy E3, Affordable Workspace.

3.18 The Affordable Workspace Strategy specifies that new developments must secure affordable workspace through the planning process. It continues by stating that the Council will

evaluate applications based on affordable operator viability, while recognising current policy restrictions and the common use of developer viability in decision-making. Offsite contributions may be considered as a better option for achieving affordability. To do this the council will require developers at application stage to set out:

- Value in pounds for the affordable workspace provision to be policy compliant based on the traditional approach of reduction against market rent. This will be used to meet development viability requirements and assessments.
- If provided on-site, that the affordable workspace at least meets minimum size requirements, further design guidance is available on the Council website, with design Lewisham conditions to ensure the space will be large enough to have a meaningful impact. Designs should be tested and refined with the Affordable Workspace Forum.
- Several tests to set rents, including submission of a business plan/model which must outline the operator rent to landlord, operator costs, and rents to end users. Benchmarking on operator costs will consider the impact of rates, service charges, and management costs.

- 3.19 The Lewisham Local Economic Assessment 2018 (EB27) maintains this theme. It highlights the importance of delivering small affordable units as part of mixed-use developments, allowing higher-value uses to cross-subsidise less viable office spaces. The Council is encouraging its development partners to ensure that workspace is brought to the market as fully fitted, not merely as “shell and core.” It is highlighted that Industrial employment development is deemed a viable form of development across the Borough. The focus is up on intensifying existing industrial areas and creating mixed-use developments.
- 3.20 The Local Economic Assessment states: *“If new workspace was to be brought forward it would need to be small units, delivered as part of a mixed-use development to enable higher value uses to cross-subsidise the unviable office space. It would be important to consider how this space was brought to the market, not as ‘shell and core’, but appropriately designed and ‘fitted out’ to meet occupier requirements. Industrial development is viable in the borough and Lewisham should seek to intensify existing industrial areas and bring forward new development through mixed-use.”*
- 3.21 It continues by noting that *“Lewisham’s commercial workspace offers is “small and limited”.* Lists priority interventions as follow: *“provision of new workspace targeted at micro businesses; provision of an Approved Workspace Provider schedule to ensure space is developed that meets occupiers needs; protecting or intensifying existing stock; Town Centre Placemaking to create the right environment where people want to locate their business.”*
- 3.22 It concludes by noting that *“Whilst availability and price are key considerations in choosing a workspace location, entrepreneurs also choose to locate or establish their business in interesting dynamic locations with good connectivity and good facilities.”*
- 3.23 Moving forward, the Lewisham Local Viability Assessment 2019 (EB63) considers the matter of affordable workspace. It emphasises the need for flexible application of affordable workspace policies, accounting for site-specific viability concerns. New employment floorspace is unlikely to be commercially viable without cross-subsidisation from other uses. However, the viability of policies requiring affordable workspace is unaffected, as a 20% floorspace provision discounted up to 50% of market rent was considered by the Council to be viable in the majority of test scenarios.

- 3.24 The Council notes that the Viability Assessment states that “...an affordable workspace policy will need to be applied with “a degree of flexibility” to account for factors such as site-specific viability issues that may impact individual schemes.”
- 3.25 In conclusion implementing a policy approach that requires an element of affordable workspace in new employment developments will not affect the viability of these schemes in a majority of test scenario cases (a requirement for 20% of floorspace discounted by up to 50% of market rent was evaluated). Consequently, the Council could therefore “apply the policy flexibly [...] on the basis of a proven viability case reflecting site-specific circumstances.”

Possible Modification to Policy EC 4 Part D

- 3.26** In the interests of being positive and mindful of the comments raised during the examination by other participants, the Council is prepared to consider a modification to the Policy. The Council will separately submit a possible amendment to the Policy as part of the package of additional modifications being identified following the conclusion of the examination hearing sessions.

Action 55 - Refer to London Plan, Review Criterion B with regards to unintended consequences – taking from conversation with Howard Lewisham Ltd and Michael Sparks Associates.

- 3.27 The Council is working with other participants to prepare an appropriate modification to the new Local Plan that will be the subject of a separate response.

Action 56 - Remove reference to Planning Obligations SPD that has not yet been produced. Place in supporting text instead.

- 3.28 The Council is responding to this Action by preparing an appropriate modification to the new Local Plan that will be the subject of a separate response.

Action 57 - Remove “consideration to be given” and rephrase text relating to meanwhile uses.

- 3.29 The Council is responding to this Action by preparing an appropriate modification to the new Local Plan that will be the subject of a separate response.

4 Reuse of brownfield land (MIQ 8.19)

Action 58 - London Plan Policy E3.

- 4.1 The Council is uncertain regarding what this Action entails. The Council has thoroughly checked the recordings of the Hearing session on Matter 8 and also the last Hearing session when we discussed the Actions. We have not been able to gain clarity on the Action by doing this. Therefore, the Council is unable to respond to this Action.

5 Strategic Industrial Locations (SIL) (Policy EC5)

Action 59 - Provide clarity on particular uses the policy would and wouldn't be supportive of. Refer to London Plan. Expand upon Class E g iii.

5.1 The Council is working with the Greater London Authority to prepare an appropriate modification to the new Local Plan that will be the subject of a separate response.

6 Locally Significant Industrial Sites (LSIS) (Policy EC6)

Action 60 – Remove the list of sites, rely on Table 8.1 instead.

6.1 The Council is responding to this Action by preparing an appropriate modification to the new Local Plan that will be the subject of a separate response.

Action 61 - Ensure consistency in names.

6.2 The Council is responding to this Action by preparing an appropriate modification to the new Local Plan that will be the subject of a separate response.

Action 62 - provide ratio of uses on Apollo Business Centre – affordable housing, PBSA.

6.3 The Council has provided a response to this Action in LC48.

7 Mixed use employment locations (MEL) (Policy EC7)

Action 63 - Review wording of Criterion C in relation to marketing.

7.1 The Council is responding to this Action by preparing an appropriate modification to the new Local Plan that will be the subject of a separate response.

8 Railway arches (Policy EC9)

Action 64 - Add supporting text to clarify requirement for engagement with Network Rail and TfL. “Network Rail” onwards to go into supporting text.

8.1 The Council is responding to this Action by preparing an appropriate modification to the new Local Plan that will be the subject of a separate response.

9 Workplace training and job opportunities (Policy EC10)

Action 65 - Prepare short note evidencing local labour schemes (current and historic).

9.1 The Council has provided a response to this Action in LC48.

10 Town centres at the heart of our communities (Policy EC11)

Action 66 - Explain modification MO50, specify change being proposed.

10.1 The modification seeks to provide greater clarity to the supporting text of Policy EC11 in terms of its link to the Local Plan’s Heritage policies.

10.2 The Council is responding to this Action by preparing an appropriate modification to the new Local Plan that will be the subject of a separate response.

11 Optimising the use of town centre land and floorspace (Policy EC13)

Action 67 - Update Statement of Common Ground with Landsec to clarify interpretation of the evidence base.

11.1 The Council considers that the Statement of Common Ground does not need to be updated. Instead, the Council is working with the Landsec, to determine a breakdown of uses across the site. This is detailed in the Council's response to Action 128, Matter 17. Once this has been agreed by Landsec, a confirmation email will be submitted to the Inspectors in due course.

11.2 The Council is also responding to this Action by preparing an appropriate modification to the new Local Plan that will be the subject of a separate response.

Action 68 - Definition with Glossary – refer to representation from Quod.

11.3 The Council is responding to this Action by preparing an appropriate modification to the new Local Plan that will be the subject of a separate response.

12 Major and District Centres (Policy EC14)

Action 69 - Provide justification and evidence for 50% retail use target – why not go with 40% or 70%. Provide actual percentages of primary shopping areas.

12.1 The Council has provided a response to this Action in LC48.

Action 70 – Clarify 50% of units or 50% of floorspace for retail uses in relation to Part D of the Policy.

12.2 The Council has provided a response to this Action in LC48.

Action 71 - Work with Landsec/ QUOD to consider introducing flexibility in relation to Class E requirements.

12.3 The Council is responding to this Action by preparing an appropriate modification to the new Local Plan that will be the subject of a separate response.

13 Concentration of uses (Policy EC17)

Action 72 - Provide more evidence of Lewisham context in relation to Criterion A.

13.1 The Council has provided a response to this Action in LC48.

Action 73 - Provide monitoring evidence in relation to Criterion B

13.2 The Council has provided a response to this Action in LC48.

Action 74 - Produce illustrative map to support Criterion D

13.3 The Council is responding to this Action by preparing an appropriate modification to the new Local Plan that will be the subject of a separate response.

Action 75 - Remove A5 from Table 8.5.

13.4 The Council is responding to this Action by preparing an appropriate modification to the new Local Plan that will be the subject of a separate response.

Action 76 – Consider the wording Hot food takeaways.

13.5 The Council is responding to this Action by preparing an appropriate modification to the new Local Plan that will be the subject of a separate response.

14 Public houses (Policy EC19)

Action 77 - Provide information on how many public houses have become registered Assets of Community Value since 2017? And how many currently going through this process?

14.1 The Council has provided a response to this Action in LC48.