

Public Examination of Royal Borough of Kensington and Chelsea's Core Strategy with a focus on North Kensington DPD

Royal Borough of Kensington and Chelsea's Statement on representations made by Kensington Society, REP/175783/7 and REP/175783/8

- 1.0 The Kensington Society tabled two papers to help inform the discussion of Matter 2, 'Quanta of Development', considered at the EIP on Tuesday 20th July 2010. At the request of the Inspector the Council has prepared a written response.

Quanta of office floorspace

- 1.1 The Kensington Society consider that the quanta of office floorspace sought by the Council, as articulated within Policy CP1, is too high. The Kensington Society considers that the Employment Land Study, the study which informs the figure used, 'over estimates' the land required in order to accommodate the predicted increase in jobs identified. The Kensington Society suggest that the forecast for net additional office floorspace should, therefore, be expressed as a range, a range which includes both the quanta of office space predicted by this Council and that favoured by the Kensington Society.
- 1.2 *The Council does not consider this is appropriate as is satisfied that the quanta of offices floorspace sought within CP1 is robust being based upon an Employment Land Study carried out by Roger Tym and Partners (RTP), experts in this field. Presenting a range of figures would merely add confusion, and introduce a figure for office 'need' not supported by the Council's Employment Land Study.*
- 1.3 The Council commissioned Roger Tym and Partners (RTP) to carry out an Employment Land and Premises Study to consider the nature of the Borough's employment uses and to determine requirements for office uses to 2026. RTP are a consultancy that specialises in the preparation of such studies. RTP published the initial study in January 2007. The Council then commissioned a further study to take into account the latest economic forecasts, latest supply data and changes in national and regional planning policies. This update was published by RTP in October 2009. It is this update that has informed the quanta of office development articulated with CP1. Both studies form part of the library of documents for the examination.
- 1.4 With regard forecast demand, RTP use a scenario which takes account of the expected downward trend in the national economy till 2011 at which time the report anticipates that jobs will increase at the same growth rates as projected by the GLA in their 2007 employment projections. This gives a figure of office jobs increasing by 15% or by 4,700 between 2004 and 2026.

- 1.5 The Kensington Society do not question the need for an additional 4,700 jobs within the Borough for this period. They do, however, question the how RTP have translated this need for office jobs into the need for office floorspace.
- 1.6 RTP have used a floorspace to worker ratio of 1:14.7 sq m (net) for offices. This equates to an increase in demand for office floorspace of 69,200 sq m from 2004 to 2026. The Kensington Society suggest that a floorspace to worker ratio of 1:12 sq m (net) would be more appropriate. This would equate to a need for just 56,400 sq m 2004 to 2028.
- 1.7 The 1:14.7 sq m floorspace to worker ratio used by RTP is based upon existing floorspace/worker ratio for inner London ratio which originates from RTP's own "Use of Business Space in London" study. Both RTP and the Council are satisfied that this workspace ratio, and therefore the associated floorspace, is appropriate for this borough. The lower 1:12 sq m floorspace to worker ratio is an aspirational density, which assumes that densities will continue to fall over time. RTP do not consider that this aspirational density is realistic for this Borough. Large offices may approach these densities, but the smaller units which characterise much of this borough are unlikely to do so.
- 1.8 In addition, RTP have re-examined their projected employment need to consider the employment projections published by the GLA in December 2009. These projections were unavailable when the 2009 report was prepared. This 'update report (2010)' is also included as part of the library of documents for the EIP. RTP have stated in para 3.3 of the 2010 update report that they "don't" suggest that the Borough departs from targets already promoted in emerging policies". However, the GLA updated figures are useful in that they do illustrate that the slightly higher figure proposed by the RTP and the Council, are further endorsed by the latest figures. The GLA's 2009 figures are slightly more optimistic than those used by RTP, predicting a need for an additional 4,700 jobs 2004 to 2026. If one were to calculate the 'need' for floorspace using the Kensington Society's suggested 1:12 sq m employment ratio, rather than the 1:14.7 ratio endorsed by RTP, the need would still be for 74,370 sq m, rather than the 56,400 sq m championed by the Kensington Society. This would further suggest that the 56,400 sq m figure proposed by the Kensington Society is not realistic.

Need for office floorspace over and above that within the supply pipeline

- 1.9 The Council has proposed to the inspector that the office floorspace figures are updated to take account of the net increase in 9,000 sq m of office space that has occurred from 2004 and 2008. This proposed change has already be submitted to the Inspector. The quantum of development sought between 2008 and 2026 is, therefore, 60,000 sq m. (9,000 sq m subtracted from the original 69,000 sq m). There does, however, appear to be an element of confusion concerning the office floorspace needed over and above that in the pipeline to reach the 'target'.
- 1.10 The 2009 Employment and Premises Study shows that there was 46,000 sq m of office space in the supply pipeline from 2004 – 2008. There is, therefore, a need for

23,000 sq m over and above that already in the pipeline if the 69,000 sq m of office floorspace 2004 to 2026 is to be achieved.

- 1.11 Updating the figures to take account of the net increase of 9,000 sq m of office floorspace that has occurred 2004 to 2008 changes to quantum of floorspace needed from 2008 to 2026 but also alters the amount of business floorspace in the pipe line. The net increase of 9,000 sq m is included as part of the wider supply, 2004 to 2008. It should not be double counted.
- 1.12 This is set out in table 4.4 of the RTP 2009 study. The relevant section of the table is reproduced below.

	Net change
Under construction at 31 st March 2008	23,712 sq m
Completed 1 st April 2004 to 31 st March 2008	9,042 sq m
<i>Under construction and completed</i>	<i>32,754 sq m</i>
Permissions not started at 31 st March 2008 (Outstanding commitments)	14,036 sq m
Total supply	46,790 sq m

Table 1: Office Land Supply 2008, from RBKC Employment Land Review, RTP, 2009,

- 1.13 Between 2008 and 2026, 60,000 sq m of office floorspace is sought. 37,000 sq m is either 'under construction' or 'permissions not started' (as of March 2008). 23,000 sq m of floorspace is, therefore, required between 2008 and 2026, over and above that in the supply pipeline.

Phasing of office development, the preferred locations for large scale offices and sequential testing

- 1.14 The Kensington Society has stated that the need for net additional floorspace should be more clearly presented in phases. The Kensington Society also suggests that proposals outside proposed locations should be subject to both an assessment of need in the next five years, and to sequential testing.
- 1.15 Para 31.3.32 of the Core Strategy does recognise that the level of office building within the Borough is expected to meet office demand to 2017. The Council has indicated that text will be added to Chapter 4 which makes it clear how it expects the quantum of development to be delivered over the lifetime of the plan.
- 1.16 The Council does not, however, consider it appropriate to amend the Core Strategy to require office provision to be provided strictly in line with a periodic phasing: it is not desirable to close off opportunities for the provision of business uses early in the plan period simply because of a theoretical phasing approach.
- 1.17 The preferred locations for large-scale office developments has been the subject of debate as part of consideration of Matter 7.

Quanta of retail floorspace

- 1.18 The Kensington Society also considers that the quanta of comparison retail floorspace (26,150 sq m in the south of the Borough) sought by the Council to 2015 is too high. The Kensington Society are concerned that a 2.2 % pa productivity growth should be used when calculating need for new retail floorspace, and not the 1.5 % pa productivity growth used by Nathaniel Lichfield and Partners, the consultants who prepared the Borough's Retail Needs Assessment. The Kensington Society suggest that the two results should be used to provide a range of comparison retail floorspace needed.
- 1.19 *The Council is satisfied that the figure for comparison retail floorspace to 2015 is based upon a well established methodology, carried out by specialist consultants who have taken the particular circumstances of the Borough into account.*
- 1.20 Nathaniel Litchfield and Partners have used a generally accepted methodology of assessing retail need within the Borough. The detailed methodology used is set out in some detail in chapter 19 of the Retail Needs Assessment. This is considered to be robust and has been specifically tailored for the specific circumstances of the Royal Borough. The Retail Needs Assessment forms part of the library of documents for the EIP.
- 1.21 The report has specifically considered the expected increases in sales density for comparison floorspace within the Borough in some detail. Increases in sales density is a function of spending growing at faster rates than new floorspace provision, and therefore the retailers ability to increase their turnover to floorspace ratio. The figure used within the Council's Retail Needs Assessment (1.5 % per annum) is lower than the 2.2 % figure used by Experian for the London Plan Retail Needs Assessment. A lower figure, or a lower increase in floorspace productivity, would result in a higher level of floorspace needed to accommodate the predicted increased in retail expenditure. Nathaniel Litchfield and Partners believe that the 1.5 % figure they use is more appropriate as is consistent with the top end of the range historically adopted by retail planners. This reasoning is set out in some detail in para 19.72 of the Retail Needs Assessment. For the Inspector's convenience I have repeated this below:

"Experian's growth rate is based on past trends during the period 1986 to 1999. During this period comparison expenditure grew rapidly (5.8% per annum). The forecast growth in comparison expenditure adopted in this study [the RBKC Retail Needs Assessment] is much lower (about 3.8 %). Growth in turnover efficiencies and expenditure growth are inextricably linked, therefore it is unlikely that the Experian recommended growth in turn over efficiencies (2.2%) will be experienced if future growth in expenditure is only 3.8 % per annum.

An element of the past growth in turnover efficiency between 1986 and 1999 will have related to a qualitative improvement in the overall stock of retail floorspace, i.e. the development of modern shopping centres and out-of centre stores. As a result it would be wrong to assume that existing retail floorspace can increase its turnover

efficiency at the same rate as suggested by national figures.

Experian's growth rate is based upon gross floorspace rather than net sales. Therefore, an element of the past growth in turnover density will relate to improvements in net to gross ratio e.g. reductions in storage. It does not follow that improvements to net to gross ratio will continue at the same rate in the future."

- 1.22 Therefore, both Nathaniel Lichfield and Partners and the Council consider that the methodology uses to calculate the need for additional comparison retail floorspace is robust. Inclusion of a range of figures would be inappropriate as, firstly, would include a figure which neither NLP nor the Council consider appropriate; and secondly, would merely add confusion.

Monitoring

- 1.23 The Kensington Society also request that the outcomes of both office and retail densities by monitored to secure more evidence is the future about the space/worker densities for different form sizes. This has been considered as part of the consideration of Matter 11 of the EIP, 'Monitoring'. The principle is supported.