

## LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Cabinet

**Date:** 05/09/2022

**Subject:** Adoption of the Affordable Workspace SPD

**Report of:** Councillor Andrew Jones, Cabinet Member for the Economy

**Report author:** David Gawthorpe, Team Leader, Policy and Spatial Planning

**Responsible Director:** Jonathan Pickstone, Strategic Director for the Economy

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### SUMMARY

This report seeks approval from Cabinet to adopt the Affordable Workspace Supplementary Planning Document (SPD), with further technical changes. The SPD was approved for adoption by Cabinet on 7<sup>th</sup> March 2022, but as a result of the changing financial climate, it has been necessary to make some further changes to the SPD.

The technical changes seek to provide greater clarity on how the SPD will be applied and interpreted to respond to a changing financial landscape. The changes include removing prescriptive text and emphasising that affordable workspace contributions will be considered on a case-by-case basis, based on viability. The SPD and the technical changes should improve implementation and delivery of policy objectives which reflect the Council's vision to see a stronger local economy that provides training and job opportunities for local people; and securing and promoting employment and innovation. The SPD also supports delivery of objectives of the Industrial Strategy and meets several of the Council's Business Plan commitments. The SPD and up to date evidence base will provide a stronger basis to negotiate developments and planning agreements with developers, to provide affordable space to support local start-up entrepreneurs, small businesses and the voluntary/charity sectors.

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### RECOMMENDATIONS

1. That Cabinet considers the technical changes to the SPD detailed in Appendix 1.
2. That Cabinet approves the adoption of the SPD (Appendix 2) which includes the technical changes.
3. That Cabinet gives delegated authority to the Chief Planning Officer, in consultation with the Cabinet Member for Economy, to make any further minor changes to the SPD prior to adoption, should they be necessary.

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**Wards Affected:** All

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Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	The SPD seeks to address the mismatch between high rents and large floorplate office premises by requiring a proportion of small and flexible space at discounted rents and/or preferential terms. This ensures the significant SME, start up and not-for-profit sector can remain and thrive in the borough.
Creating a compassionate council	The council will be providing guiding principles for development which may be accessible to local charity and voluntary organisation. Local employment and apprenticeships are also required by Local Plan employment policies.
Doing things with local residents, not to them	Planning together for growth and well-being. Lists of local businesses, charities and residents looking for premises and/or apprenticeships will be maintained.
Being ruthlessly financially efficient	See financial impacts below.
Taking pride in H&F	Giving local businesses, start-ups and residents an opportunity to contribute towards the growth of the borough. Many local SMEs and the not for-profit-sector serve local residents too.
Rising to the challenge of the climate and ecological emergency	The council helping support local businesses and residents to remain locally, avoiding the need to travel out of the borough.

## Financial Impact

The costs of adopting the Affordable Workspace SPD will be charged against existing revenue budgets, mainly those relating to staffing and minor printing costs within the Policy and Spatial Planning budget.

*Comments and verification by Andrew Lord, Head of Finance, Strategic Planning and Investment, 15 June 2022.*

## **Legal Implications**

The preparation and adoption of the SPD is governed primarily by the Planning and Compulsory Purchase Act 2004 and the Town and Country Planning (Local Planning) (England) Regulations 2012 (as amended). They require that the SPD be in conformity with the London Plan and not conflict with the adopted development plan. This report confirms that the proposed SPD is not in conflict with the adopted development plan and conforms with the London Plan.

Once adopted, the SPD will supplement other planning documents such as the Local Plan and the London Plan. It does not provide new policy but provides more detailed guidance to the Local Plan policies. It will therefore be in conformity with the existing Local Plan policy framework which has been approved by Full Council. It will be a material consideration to which regard will have to be had when considering any planning application.

Cabinet resolved to approve the SPD for adoption on the 7<sup>th</sup> March 2022. For the reasons set out in this report it is now necessary to make further changes to the SPD. As such the updated SPD requires Cabinet approval. The Council is satisfied that it meets the legislative requirements for a Supplementary Planning Document.

*Poonam Rajput Senior Solicitor (Planning and Property) 1 July 2022*

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## **Background Papers Used in Preparing This Report**

None

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## **DETAILED ANALYSIS**

### **Proposals and Analysis of Options**

1. The SPD provides guidance for development associated with Affordable Workspace. It contains a brief identification of the overarching policy context, including national and London wide policy relevant to the meeting local economic and business needs.
2. The technical changes have been made because it is clear that the office and commercial market landscape is still in a state of flux post-Covid as longer-term demand for office/workspace, trends towards working from home and working flexibly are still unknown. Therefore, it is important that opportunities are taken to actively encourage investment in the borough. It is considered prudent to take a more flexible approach to better understand the medium and longer-term impacts of Covid- 19 Brexit and potential changes to the planning system on the local economy. This will affect demand for and supply of commercial property and may present both threats and even opportunities such as from companies moving out of Central London to well-located but cheaper areas such as Hammersmith and Fulham. The shorter- term impacts appear to include inflation and shortages of building materials which may affect the viability on some sites and the technical

changes proposed for the SPD are considered to better reflect and respond to this position.

3. The SPD is informed by a comprehensive study into local demand, supply and viability of providing affordable workspace on major applications for new business floorspace. The evidence reports provide recommended approaches, and justify discounted rent levels. A flexible approach, taking into account site specific circumstances is recommended and reflected in the SPD. Support through other measures may be preferential in achieving the optimum outcome for the Council, such as discounted desks, flexible leases and managed workspace hubs including on smaller schemes. The SPD will set out a suggested workspace management plan to include management, reporting and monitoring measures through an approved provider, which will also be secured through planning obligations. The document provides an important resource for identifying and maximising the opportunity to meet the needs of a range of small SMEs, local start-ups, and non-profit organisations which otherwise could not afford to locate in the borough. This should help retain a more diverse local economy, provide local residents opportunities to work close to home, retaining expenditure in the borough, and to go some way in offsetting losses of business space through permitted development.
4. The SPD provides guidance for applicants, planners and other stakeholders on the provision of affordable workspace in the borough. The SPD covers topics that frequently need to be addressed at pre-application stage, as well as post-decision such as drafting the planning obligations, when considering proposals and applications for development of affordable workspace. It is intended that this will better achieve delivery of policy objectives going forward.
5. Loss of business premises through permitted development have increased land values which are unaffordable to small SMEs and start-ups, many of which serve our local residents. The SPD establishes guidance on the application of, and implementation of policies that seek affordable space in larger schemes, and more flexible space in a range of sizes and typologies to meet a clear borough need. This SPD can address social value as local charities and voluntary organisations can benefit from discounted rates. The SPD is accompanied by an evidence base report on viability of seeking discounted market rents and alternative affordable options. The SPD does not conflict with the adopted Local Plan and is also in conformity with London Plan policy objectives.
6. The Options available to the Council are as follows:
  - 6.1 To adopt the Affordable Workspace SPD incorporating the technical changes.
  - 6.2 To withdraw the proposed SPD.
7. The recommendation is option one above, that the Council adopt the Affordable Workspace SPD incorporating the technical changes. Option two would leave a gap in planning guidance for the borough which may preclude deliverability of local plan policy objectives and the key aims of the Industrial Strategy.

## **Post adoption requirements**

8. After adoption, it will be necessary under the Town and Country Planning (Local Planning) (England) Regulations 2012 to make the SPD available for inspection and to publish on the Council's website. The Council must also make an adoption statement available and notify any person who requested to be notified of the publication of the SPD. The Equalities Impact Assessment report (EqIA), and summary of any comments made as a result of public consultation, will also be published on the website. The adoption statement must be sent to the Secretary of State.
9. The Council are not required to carry out a sustainability appraisal for the SPD (this now only applying to development plan documents) pursuant to the Planning and Compulsory Purchase Act 2004. However, the SPD must be considered against the requirements of the Environmental Assessment of Plans and Programmes Regulations 2004 and a draft screening statement made available.
10. There were no objections to the council's view that the SPD was not likely to have significant environmental effects. As a consequence, the decision was taken that a Strategic Environmental Assessment (SEA) was not required because, amongst other things, the SPD is a lower tier planning policy document among the suite of council planning policy documents; it supplements existing adopted policy and does not introduce new policy; and it supplements adopted planning policies that have been subjected to Sustainability Appraisals.

## **Reasons for Decision**

11. To progress the Affordable Workspace SPD to adoption to ensure that up-to-date guidance is in place to support the adopted Local Plan and to comply with regulatory requirements
12. The adoption of the Affordable Workspace SPD will provide more detail on the application of the strategic and boroughwide policies in the Local Plan. The minor changes as detailed in this report will provide a more flexible approach after further considering the financial climate. The SPD will be a material consideration in planning decisions although it will not be part of the development plan.

## **Equality Implications**

13. An Equalities Impact Assessment (EQIA) has been carried out, in relation to the SPD and it shows only neutral or positive impacts of the planning guidance on protected groups.
14. The EQIA assists the Council in demonstrating compliance with its public sector equality duty under Section 149 of the Equality Act 2010.

## **Risk Management Implications**

15. The report sets out a clear rationale for adopting the Affordable Workspace Supplementary Planning Document (SPD). The SPD is intended to support, through information, evidence and guidance on local plan policies, the identification and introduction of affordable workspace, particularly for small local businesses, start-ups and not-for-profit sector. This is in line with the council priority of building shared prosperity to address the mismatch between high rents and large floorplate office premises by requiring a proportion of small and flexible space at discounted rents and/or preferential terms which will be available/accessible to SMEs and third sector organisations. The report also demonstrates how the council priority of doing things with and not to residents through the consultation process has been addressed.

*Implications completed by: David Hughes, Director of Audit, Fraud, Risk and Insurance, 15 June 2022*

## **Climate and Ecological Emergency Implications**

16. The public consultation and adoption of an SPD for Affordable Workspace enables the council to generate more affordable commercial floorspace in the borough. This is a topic-based SPD which does not contain any measures for mitigating climate change.

17. As the primary method of providing affordable office space is by securing discounts on commercial development, this is not expected to have a direct effect on emissions. However, as requirements for discounts will impact the profit margins of schemes, care should be taken to ensure at the application stage that costs are not recovered by reducing standards for energy efficiency, low-carbon or biodiversity. However, by providing affordable workspace in the borough there may be indirect benefits, such as reducing the need to travel outside of the borough to access affordable premises. Whilst the positive impacts of this SPD on climate change may be minimal, it will contribute towards strengthening the local economy and this in turn may be a driver for change and investment in green infrastructure.

*Implications verified by: Hinesh Mehta (Strategic Lead Highways, Parks and Waste tel: 0208 753 6703) – 16th June 2022*

## **Local Economy and Social Value**

18. Loss of office space through permitted development has driven up commercial rents to prohibitively high levels, meaning there is need to increase the amount of affordable workspace developed within the borough to reduce the burden on local SMEs. By adopting the SPD, the Council will offer clear guidance on the requirements to fulfil this need by providing details on best practice on the implementation of affordable and flexible workspace. This added clarity will help to meet local demand and support local enterprise.

*Implications verified/completed by: Sam Ridley, Economic Development Officer, 07766 720080 – 16<sup>th</sup> June 2022*

## **Section 106**

19. The Council has previously secured obligations for affordable workspace but on an ad hoc and case-by-case basis. The SPD relies on up-to-date evidence on the viability of new development to provide affordable workspace and will improve the overall quantum of affordable workspace to be secured on-site or through a payment in lieu. Further, it provides clarity, previously absent, on how the affordable workspace will be managed, ensuring the floorspace secured is used effectively.

*Implications verified/completed by: Matthew Paterson, Head of Spatial Planning tel: 07776672447 – 14 June 2022*

### **Consultation**

20. Public consultation on the draft SPD began on 19<sup>th</sup> November for 4 weeks until 17<sup>th</sup> December 2021. The SPD was made available at the borough reference libraries and on the Council's website, as set out in the Council's Statement of Community Involvement. Additional targeted consultation was carried out, including hosting a seminar on Teams and publicity via the Council's Twitter account. The Council wrote to specific consultation bodies outlined in the Regulations and to general consultation bodies, such as amenity groups, resident associations, businesses and others.

21. The Council received representations from 13 organisations and individuals. Full details of the representations and how these were addressed were appended to the 7<sup>th</sup> March Cabinet Report. The technical changes that have subsequently been made are appended to this report (appendix 1). Any technical changes that supersede previous amendments have been identified in appendix 1.

### **LIST OF APPENDICES**

Appendix 1 - Technical Changes to the Affordable Workspace SPD

Appendix 2 - Affordable Workspace SPD