
Report to the City of London Corporation

by Douglas Machin BSC DipTP MRTPI

**an Inspector appointed by the Secretary of State for Communities and
Local Government**

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**PLANNING AND COMPULSORY PURCHASE ACT 2004 (AS
AMENDED)
SECTION 20**

**REPORT ON THE EXAMINATION INTO
THE CITY OF LONDON LOCAL PLAN**

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Summary

This report concludes that the City of London Local Plan provides a sound basis for the planning of the City. Like the Core Strategy it replaces, the Local Plan aims to support the economic growth of the City of London. It seeks to ensure that its role as the world's leading financial, business and maritime centre is maintained. I find that the Local Plan is justified by a sound evidence base. I can see that it has been positively prepared with a high degree of engagement with stakeholders. I am satisfied that it is in conformity with the London Plan and Government guidance. Like its predecessors I am confident that it will be effective in delivering economic growth together with the high quality environment the City of London deserves. The Local Plan is sound as submitted, and there are therefore no Main Modifications necessary before the Plan may be adopted.

Introduction

1. This report contains my assessment of the City of London Local Plan in terms of Section 20(5) of the Planning & Compulsory Purchase Act 2004 (as amended). It considers first whether the Plan's preparation has complied with the Duty to Co-operate, in recognition that there is no scope to remedy any failure in this regard. It considers whether the Local Plan is sound and whether it is compliant with the legal requirements. The National Planning Policy Framework (NPPF) (paragraph 182) makes it clear that to be sound a Local Plan should be positively prepared; justified; effective and consistent with national policy.
2. The starting point for the Examination is the assumption that the City Corporation has submitted what it considers to be a sound plan. The basis for my Examination is the submitted draft plan (December 2013) together with the City Corporation's Schedule of Proposed Modifications (2 October 2014). My report considers a number of issues in order to determine whether the Local Plan is legally compliant and sound or whether any Main Modifications are needed to make it so. I have concluded that the Local Plan as submitted in regard to both soundness and legal compliance is sound. It is capable of being adopted without modification. Therefore no Main Modifications are recommended in this report. As they do not raise soundness questions, I am content for the City Corporation to include its Schedule of Proposed Modifications in the adopted Local Plan, and to make any other necessary minor editing changes.
3. This is a very brief report that reflects the fact that the Local Plan carries forward largely unchanged the Spatial Strategy, the Vision, the Strategic Objectives and the Strategic Policies of the adopted Core Strategy. Having regard to the ample written responses received to my initial list of questions about soundness, I have not found it necessary to report on every aspect of the Local Plan. The City Corporation has an excellent record of engaging with stakeholders. This Local Plan reflects the process recommended by the Government of thorough preparation, front loading, consultation, review and amendment where necessary before an Examination of a Local Plan takes place. Consequently there are few remaining potential soundness issues for me to consider.
4. My overall conclusion is largely a repetition of the one I arrived at in 2011 when I found the Core Strategy sound. The Local Plan is succinct, sharply focused, and is locally distinctive and clear. It is underpinned by a proportionate, appropriate and up to date evidence base. Importantly it plans for growth in a key sector of the UK economy. It is sound as submitted and can be adopted as soon as the City Corporation deems it appropriate to do so.

Assessment of the Duty to Co-operate

5. Section s20(5)(c) of the 2004 Act requires that I consider whether the City Corporation has complied with any duty imposed on it by section 33A of the 2004 Act in relation to the Local Plan's preparation.

6. The City Corporation is able to demonstrate a high degree of co-operation with the Greater London Authority (GLA), with neighbouring London Boroughs, with other local authorities and with prescribed bodies in the preparation of the Local Plan. This is consistent with long standing consultation processes and procedures, which are especially important given the small size, constrained nature and national significance of the City of London. The City Corporation's Duty to Co-operate Monitoring Report (May 2014) elaborates and satisfactorily demonstrates how the duty has been complied with in the preparation of the Local Plan. The City Corporation's participation in the East London Housing Partnership Strategic Housing Market Assessment, and in the London wide Strategic Housing Land Availability Assessment, are good examples of how the Duty has been complied with. In relation to planning for waste, again the City Corporation can demonstrate that it has co-operated to ensure that its London Plan waste apportionment target can be met. Furthermore, the delivery strategy elaborated throughout the Local Plan clearly acknowledges continuous co-operative working with stakeholders to ensure the Plan is effective.
7. In conclusion the evidence is compelling that the Duty to Co-operate has been complied with.

Assessment of Soundness

Main Issues

8. Taking account of all the representations, written evidence and the discussions that took place at the Examination Hearings I have identified five main issues upon which the soundness of the Local Plan depends.

Issue 1 – Are the Spatial Strategy, the Vision and the Strategic Objectives sound?

9. The Spatial Strategy, the Vision and the Strategic Objectives of this Local Plan are carried forward from the adopted Core Strategy. There are only a few, minor changes proposed that do not raise soundness questions. The Local Plan is structured around the five Strategic Objectives that reflect the most important challenges facing the City. As with the Core Strategy, the Local Plan reflects the City of London's uniqueness, and displays a locally distinctive approach to promoting growth and managing change in the urban environment of one of the world's great cities.
10. There is clear evidence, that like the Core Strategy it replaces, this is a positively prepared Plan. The Sustainability Appraisal demonstrates that the Local Plan contains the most appropriate Strategy. Undoubtedly the most important aspect of this Strategy is the provision to be made for the continuation of the City's role as a world leading finance, business and maritime centre. The Local Plan appropriately provides for the City to accommodate the level of employment and office floor space growth promoted in the London Plan. Similarly, the London Plan housing target for the City can be comfortably met by the provisions of this Local Plan.
11. However, the Plan also rightly emphasises the importance and contributory role of place making, including high quality design with some tall buildings, conservation of heritage assets, and the provision of open space, social and community facilities, and infrastructure. These are recognised as supporting

and enhancing economic growth and a strengthening of the City's role and its national and international significance. It is convincingly demonstrated that the Spatial Strategy, Vision and Strategic Objectives are justified by a comprehensive and up to date evidence base. Furthermore, the period between the adoption of the Core Strategy and the submission of the Local Plan has been used to good effect in consulting with stakeholders, amending the draft Plan in an appropriate way in the light of comments received.

12. A notable feature of this Local Plan is the emphasis on implementation and delivery of the Strategy. The City Corporation can demonstrate a high degree of sophistication in recognising, monitoring and managing the demand for office floor space. This is reflected in the Local Plan. Each Policy topic contains a table setting down the responsibilities for delivering that part of the Plan. Also evident is a good appreciation of the risks to delivery and the implications for the Strategy.
13. As for conformity with national policy and guidance, the Mayor of London has confirmed that the Local Plan is in conformity with the London Plan 2011, and with the Revised Early Minor Alterations to the London Plan, which updated that Plan to ensure consistency with the NPPF. This conformity, and the City Corporation's self-assessment checklist, satisfies me that the Local Plan conforms with national policy and guidance, and with the London Plan. I note that the City Corporation intends to carry out an early revision of the Local Plan once the Further Alterations to the London Plan are adopted. However, there is nothing that raises any doubts in my mind that the Local Plan can be consistent with the altered London Plan, especially the likely increased housing target.
14. In conclusion I am satisfied that the Spatial Strategy, the Vision and the Strategic Objectives meet the tests of soundness in paragraph 182 of the NPPF. Accordingly, no Main Modifications are required.

Issue 2 – Does the Local Plan set out the strategic priorities for the City of London, and satisfactorily address the “what, where, when and how” questions about significant change? Is development viability and delivery at the heart of the Local Plan?

15. The Local Plan adopts and takes forward the strategic priorities of the Core Strategy. The Local Plan is just as clear over what, where, when and how significant change will be promoted and accommodated. This is especially so in relation to office and other commercial development where levels and location of growth are set down in the Local Plan. The Local Plan makes abundantly clear the importance of the City of London to the economies of London and of the United Kingdom, contributing some 3.1% to the Gross Domestic Product, and some £42 billion to the nation's export earnings.
16. To maintain the City's pre-eminent role, the Local Plan provides for office floor space to increase by 1.15 million sq. m from 2011 to 2026. The expected increase in employment of 55,000 will account for some 11% of the total increase in employment across the whole of London in that period. The City of London is entirely within the London Central Activities Zone where commercial development is encouraged. The Local Plan has a clear phasing and location specific approach in its strategy for office development.

17. In relation to the planned increases in retail floor space and housing, the Local Plan is similarly clear about the rate and location of change. The Local Plan continues with the same responsive approach to risk awareness and management contained in the Core Strategy. However, the Local Plan will offer even greater confidence in its ability to deliver development by virtue of its comprehensive Development Management Policies.
18. In relation to development viability, the Local Plan benefits from the thorough viability assessment supporting the City's adopted Community Infrastructure Levy Charging Schedule. That assessment demonstrates a high degree of awareness of development costs in the City and the effect of planning policy. The costs of the infrastructure needed to support growth are clearly set down in the City Corporation's Infrastructure Delivery Plan. This is regularly updated. There is no evidence to suggest that development in the City, as promoted and managed by Local Plan Policies, will not be viable
19. I have therefore no hesitation in concluding that the Local Plan does set out the strategic priorities for the City of London, and does satisfactorily address the "what, where, when and how" questions about significant change. It is clear that development viability and delivery are at the heart of this Local Plan. It is therefore sound in this respect.

Issue 3 – Is the Local Plan sound in the priority it gives to the protection of office floor space?

20. The pre-eminent finance, business and maritime role of the City of London is supported by Core Strategic Policy CS1. The Local Plan proposes an additional criterion to the Core Strategy version of the Policy. This seeks to protect existing office accommodation where there are strong economic reasons why the loss of offices would be inappropriate. This criterion is given effect in Policy DM 1.1 which seeks to refuse the loss of office accommodation to other uses where the building or its site is considered to be suitable for long term viable office use, and where there are strong economic reasons why the loss would be inappropriate. Complementary Policies DM 1.2 and DM 1.3 seek to protect large office sites and small and medium sized offices respectively. The City Corporation's Draft Office Use Supplementary Planning Document (July 2014) (SPD) elaborates on the justification for this approach. It also states the type of evidence required to support a planning application that proposes a loss of existing office floor space.
21. Doubts have been raised by a few as to whether this strengthening of CS1 is sound and sufficiently justified. It is questioned whether CS1 and DM 1.1 would be sympathetic to varying levels of viability in redevelopment schemes across the City. However, on the basis of the evidence supporting the approach taken in the Local Plan, I find merit in its approach. The following factors are compelling, in my judgement. The City's leading finance, business and maritime role relies to a large degree on maintaining a critical mass of office floor space within a defined cluster of commercial activity. This is recognised and supported in the London Plan, and has been the basis of longstanding planning policy in the City of London. The current total office floor space in the City is 8.6 million sq. m. I agree with the City Corporation that any significant erosion of that critical mass and of the additional floor space expected over the Plan period, by changes of use away from offices,

would be likely to undermine the City's ability to function as successfully as it has been doing to date.

22. The City Corporation has been granted a local exemption from permitted development rights to change from office to residential use. Evidence put forward by the City Corporation in support of that application demonstrated that some 18% of the City's office floor space could convert to residential use within five years without the exemption. This is underpinned by evidence from the GLA in its response to the Government's Technical Consultation on Planning that shows that across London, some 373,700 sq. m of occupied office floor space has gained prior approval for a change of use since June 2013. The City Corporation, and the GLA, point to the much higher land values for residential as opposed to office use as one of the main drivers of this trend. I consider therefore that the City Corporation is correct to ensure that Local Plan Policies resist this trend in the City. Accordingly, Policies CS1 and DM 1.1, with the protection of existing office floor space they afford, are justified by the evidence.
23. I have considered whether the Policies are sufficiently responsive to the constraints on redevelopment that are found throughout the City, such as the protection of strategic views, proximity of Listed Buildings, and considerations relating to design, scale and massing. However, I am satisfied that these factors, that may affect the viability of redevelopment schemes, can all be part of the evidence that the City Corporation can take into account in determining applications that propose a change of use away from offices. I am not persuaded that site specific considerations in themselves, which I accept will vary in different parts of the City, and will also no doubt vary over time, justify changing the approach in Policies CS1 and DM 1.1.
24. The SPD supports the Policies by setting out the type of evidence required to justify a change from office to residential use. It requires, amongst other matters, evidence that there is no long term viable need for offices to remain available for that use before the City Corporation will agree to a change. I have considered whether the Policies are unsound without a more specific term over which to assess viability. However, I consider that it is important to recognise that the Policies will apply throughout the Local Plan period, which will almost certainly contain several economic cycles of unknown length. The Policies, appropriately in my view, contain the flexibility for the City Corporation to be able to consider evidence about "long term" viability when it is presented, and to then form a judgement that is appropriate at any point in the Plan period. This, and varying considerations in respect of each potential development site, leads me to the conclusion that the Policies are sound without stating a specific term in which to assess viability.
25. Some argue that the office Policies are too restrictive because they could inhibit housing growth. However, the Local Plan's Housing Trajectory clearly demonstrates more than a five year supply of sites is immediately available. It also shows that the current London Plan annual housing requirement of 110 dwellings can be met and indeed exceeded. The City Corporation has evidence to demonstrate that the higher target being considered in the Further Alterations to the London Plan could also be met. I note the reliance on windfall sites to deliver the required housing numbers. However, consistent with my conclusion on the Core Strategy, I consider that this reliance is

entirely appropriate for the City, given its densely developed nature and the pre-eminence of its finance, business and maritime role. It is worthy of note that since the exemption from permitted development rights to change from office to residential use came into effect, over 270 residential units have been permitted on sites previously in office use in the City. This is an indication to me that the City Corporation is willing to operate its office protection Policies flexibly where appropriate.

26. The office Policies are intended to apply across the City of London. I have considered whether there is any merit in a different approach being taken for specific parts, for example along the Thames Riverside. I accept that the Riverside has a slightly different character to other parts of the City, not least due to the divisive effect of Lower Thames Street. I can see that the Riverside in the City of London would be an attractive residential location as indeed it is in other parts of London. It might be expected, in view of higher land values, that there would be additional pressure along the Riverside for the City Corporation to agree to changes of use away from offices. However, I saw nothing that dissuades me that office use is also appropriate in that location. Indeed there is already significant office floor space there.
27. I am convinced that for the Spatial Strategy for the City of London to be effective in delivering growth for the economies of both London and of the United Kingdom, a clear and consistent approach to the control of changes of use away from offices across the City is necessary. Policy CS9, which gives more emphasis to office-led commercial development along the Riverside, than was the case in the Core Strategy, is sound in view of the likely pressures for residential development. I am satisfied that the site specific viability considerations are able to be given due weight, and that the City Corporation has already demonstrated sufficient flexibility in that process. Therefore I do not support any different approach for the Thames Riverside.
28. In conclusion, I find that the Local Plan is sound in the priority it gives to the protection of office floor space across the City of London. Accordingly, no Main Modifications are needed.

Issue 4 – Are the Development Management Policies sufficiently comprehensive and supportive of the Spatial Strategy?

29. The formulation of the Development Management Policies is well documented in the City Corporation's Preparation Statement. This describes how Policies have taken account of the various rounds of public consultation, the evidence base and the sustainability appraisal and equalities impact assessment. It is evident that the Local Plan avoids wherever possible repeating London Plan Policies or statements of Government policy in the NPPF. I note that the Local Plan contains far fewer Policies than the 2002 Unitary Development Plan. Use is also to be made of Supplementary Planning Documents to give more detailed explanations of Policy requirements.
30. Having reviewed all the Local Plan Policies, and taken account of the City Corporation's response to this issue, I am satisfied that the Development Management Policies set out a precise and clear framework for development management in the City. They are entirely appropriate to support the Spatial

Strategy, and there are no deficiencies that might prevent the Strategy from being fully achieved. Accordingly they are sound.

Issue 5 - The remainder of the Local Plan

31. I have considered all remaining parts of the Local Plan, together with the views of those who have contributed to its preparation. The City Corporation has used its best endeavours to alter the draft Plan in minor ways to acknowledge and accommodate various points made. There are some remaining areas of disagreement but I am satisfied that they do not challenge the soundness of the Local Plan. For example, some argue for the identification of a further residential area around New Street where Policies CS21 and DM 21.1 could encourage new housing to be located, subject to Policy DM 1.1. However, the City Corporation is committed to an early review of the Local Plan, and confirmed that it is willing to consider adding to the number of residential areas where the evidence justifies it. It seems to me that such a comprehensive reassessment is a more sound approach. Other matters such as the continuing discussions about, and potential changes to, the definition of the setting of the Tower of London can also be accommodated by such a review. Neither these matters nor any of the others that have been raised cause me to question the soundness of the Local Plan.

Assessment of Legal Compliance

32. My Examination of the compliance of the Local Plan with the legal requirements is summarised in the table below. I conclude that the Local Plan meets them all.

LEGAL REQUIREMENTS	
Local Development Scheme (LDS)	The Local Plan is identified within the approved LDS (April 2014), which sets out an expected adoption date of March 2015. The Local Plan's content and timing are compliant with the LDS.
Statement of Community Involvement (SCI) and relevant regulations	The SCI was adopted in November 2012, and consultation has been compliant with the requirements therein.
Sustainability Appraisal (SA)	SA has been carried out and is adequate.
Appropriate Assessment (AA)	The Habitats Regulations AA Screening Report (November 2012) sets out why AA is not necessary
National Policy and the London Plan	The Local Plan complies with national policy and with the London Plan.
Sustainable Community Strategy (SCS)	Satisfactory regard has been paid to the SCS.
Public Sector Equality Duty (PSED)	The Local Plan complies with the PSED.
2004 Act (as amended) and 2012 Regulations.	The Local Plan complies with the Act and the Regulations.

Overall Conclusion and Recommendation

33. In accordance with Section 20(7) I recommend that the submitted Local Plan is adopted on the basis that it meets in full the requirements of Section 20(5). My report covers the primary issues that have brought me to this conclusion.

Douglas Machin

Inspector