

Committee(s)	Dated:
Planning and Transportation Committee	17/11/2020
Subject: City Plan 2036: Revisions to Proposed Submission Draft Plan	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1,2,4,7,9,11,12
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	£0
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Carolyn Dwyer, Director of the Built Environment	For Decision
Report author: Adrian Roche, Department of the Built Environment	

Summary

The draft Local Plan, titled City Plan 2036, was agreed for Regulation 19 pre-submission consultation by the Court of Common Council at its meeting on 21st May 2020. Local Plan regulations at that time prevented consultation taking place without making physical copies of the Plan available for inspection. Amendments to the Regulations in July 2020 have now enabled a website only consultation.

Further changes to the Plan are now required prior to the consultation taking place to address revisions to permitted development rights and the Use Classes Order, which came into effect on 31st August and 1st September 2020; to acknowledge the short term impacts of the Covid-19 pandemic, whilst emphasising that the medium to longer term fundamentals underpinning the City's economic success remain in place; to update the Plan to reflect the City's climate ambitions in the newly adopted Climate Action Strategy; and to make minor factual updates.

Recommendation(s)

Members are asked to:

- Agree the proposed changes to the Proposed Submission draft Local Plan set out in Appendix 1 and that it be published for consultation, subject to the approval of the Policy and Resources Committee and Court of Common Council;
- Agree that, following consultation, the Plan, the public representations and other supporting documentation be submitted to the Secretary of State, for Examination;

- Authorise the Director of the Built Environment, in liaison with the Chair and Deputy Chair of the Planning & Transportation Committee, to compile a list of further changes to the Local Plan in response to public representations and submit this to the Secretary of State; and
- Authorise the Director of the Built Environment to make further non-material amendments and editorial changes prior to public consultation and submission to the Secretary of State.

Main Report

Background

1. The Proposed Submission City Plan 2036 was considered by the Planning and Transportation Committee at an informal virtual meeting on 31st March 2020. The Plan was then approved for pre-submission consultation by Policy and Resources Committee on 7th May 2020 and Court of Common Council on 21st May 2020. Formal pre-submission consultation was delayed due to Covid-19 restrictions which prevented the Corporation making the Plan and supporting documents available for physical inspection in the City. Amendments to the Town and Country Planning (Local Planning) Regulations in July 2020 have now temporarily removed the requirement for copies of the Plan to be available for physical inspection.

The need for further Plan refinement

2. In late July 2020, the Government laid a series of new regulations before Parliament, making changes to permitted development rights and to the 1987 Use Classes Order. These changes came into effect on 31st August 2020 and 1st September 2020. To ensure that the Local Plan is sound and reflects these changes to national planning policy, further refinements to the draft Local Plan are proposed. It is also proposed that adjustments are made to address some of the short term economic, social and health and wellbeing impacts of the Covid-19 pandemic, to update references in the Plan to the City Corporation's Climate Action Strategy which has now been adopted, and to make other factual updates.

Use Classes Order

3. A revised Use Classes Order came into effect on 1st September 2020. A report detailing the changes to the Use Classes Order and permitted development rights, and the implications for the City of London, was considered by the Planning and Transportation Committee on 8th September 2020. The most significant change is the creation of a new Commercial, Business and Service Uses class, Class E, which replaces the B1 business use class and the A1, A2 and A3 retail use classes. A change of use within the E class is not considered development and is not, therefore, subject to planning control.

4. The Proposed Submission draft Local Plan was prepared on the basis of the previous 1987 Use Classes Order and has a number of policies which specifically reference the Use Classes Order, seeking to manage how sites and buildings change over time. The key policy areas where change is required are:
 - a. **Protection of office accommodation.** The proposed amendments reflect the potential for change within the E Use Class, whilst continuing to emphasise the continuing need to promote and retain a critical mass of office accommodation in the City. Emerging Local Plan policy already allows for greater flexibility for other commercial uses at basement and ground floor level in line with the ambitions of the new Use Classes Order and substantive change to the policy approach is not considered necessary.
 - b. **Retail provision.** The Proposed Submission draft Local Plan seeks to concentrate A1 retail within the Principal Shopping Centres (PSCs), with retail also encouraged within the Retail Links. Isolated A1 retail units, in particular, are protected. The E Use Class is intended to provide greater flexibility to allow changes of use within town centres to retain their vitality and viability, and removes the ability to manage the change between most retail uses and between retail, office and some other commercial uses. Amendments are suggested to the Local Plan's retail policies which address these changes while continuing to promote the role of the City's PSCs as centres for traditional shops, providing comparison and convenience retail. Most City developers, landowners and occupiers are expected to continue to see the benefits of providing active frontages and the additional vibrancy and income that comes from a mix of ground floor uses, so significant change is not expected, particularly within the PSCs.

Covid-19 Impacts

5. The Proposed Submission draft Local Plan was prepared prior to the outbreak of the Covid-19 pandemic, which has had significant health, well-being, environmental and economic impacts locally and globally. Although these impacts are expected to be relatively short term, the pandemic is leading to behavioural changes. Some of these changes are temporary, but some are likely to become established as part of the 'new normal'. The acceleration of existing trends and the creation of new trends both need to be taken into account in the emerging Local Plan which is planning not just for the next few years but the medium and longer term over a 15-year period. Therefore, the Plan needs to look beyond the current pandemic to a period when the City is once more a vibrant base for a wide range of existing and new businesses, operating more flexibly to meet the changing business environment, space needs and lifestyle expectations of their workforce.
6. The immediate impact of Covid-19 has been to shift much of the City's business online with many City workers working remotely, and consequent significant reductions in journeys into the City and footfall within it. Although the pace and scale of future growth in the City of London is uncertain in the short term, the longer term geographical, economic and social fundamentals underpinning the success of the City as a vibrant centre of business creativity and innovation

remain in place. Strong interest in pre-application planning advice and investment suggest continued confidence in the City as a place in which to do business. The ways that people live, work, travel and use city centres will in the future be different, but the City will continue to be an attractive and sustainable meeting place where people and businesses come together for creative innovation.

7. Contextual changes and a reiteration of the Local Plan's flexible and adaptable strategy, which already seeks to facilitate a healthy and inclusive City, new ways of working, improvements in public realm, urban greening and a radical transformation of the City's streets are considered appropriate at this stage. Given the particular impacts of the pandemic on the retail and hospitality sector, Colliers International, have been commissioned to provide a supplementary commentary to the 2017 Retail Needs Assessment to take account of current circumstances and to provide a robust basis for the retail policies in the version of the Plan that will be submitted for examination.
8. As the Local Plan progresses to consultation and examination, the evidence base will be refreshed as part of the regular annual development monitoring programme. Further evidence will also be commissioned, where necessary. If this evidence suggests a need for wider review, this can be considered through a future review of the Plan.

Development Pipeline

9. The Plan's employment growth projections and the related office space growth target pre-date Covid and its health, behavioural and economic effects. Employment growth may be slower in the short to medium term than previously projected due to economic disruption and behavioural changes such as more remote and occasional working. However, lower levels of employment growth do not translate directly into lower demand, and need, for office floorspace overall. Covid restrictions have significantly reduced current office occupancy capacity and as we come out of the pandemic, it is likely there will be a renewed emphasis on providing more social and collaborative space in buildings, with lower office occupation densities overall. In the short to medium term, reductions in employees commuting daily into the City may be offset by this trend for lower occupation density and more social space. Some firms may reduce their total space requirements but that may provide opportunities for other firms who previously did not have much presence in the City to take up the newly available space in what is an excellent, accessible business location. The net result of these emerging trends will be monitored carefully to ensure that the Plan policy implementation remains appropriate to the evolving picture.
10. The Proposed Submission draft Local Plan provides for an uplift in office floorspace of 2 million square metres over the period 2016 to 2036. As at March 2020, there had already been a net gain in office stock of 0.58 million square metres (29% of the target) with a further 0.76 million square metres (38% of target) under construction, meaning that approximately two thirds of the target is likely to be completed in the near future. The overall office floorspace target is

therefore considered to be achievable and is consistent with our wider aspirations for the City as a commercial centre of innovation and creativity

London Recharged Report

11. The London Recharged Report, produced by the City Corporation in partnership with Oliver Wyman and Arup, was published on 20th October 2020.

<https://www.cityoflondon.gov.uk/supporting-businesses/economic-research/research-publications/london-recharged> . The report makes recommendations for the ways that businesses operate in London, the role of local and central government and the need to deliver a more diverse and representative workforce that makes the best use of London's talents. Amongst the key recommendations are a number that specifically relate to the work of the Planning and Transportation Committee, including:

- Create spaces to innovate, akin to start-up incubators. The incubators should provide workspaces with experts from government, academia and business to coalesce and innovate on specific priority themes.
- Pilot transformation of London's office stock to support new uses, including the development of 'hyper flexible spaces'.
- Motivate SMEs and artists to re-enter the city centre by providing 'hives' of affordable work space and access to basic infrastructure.
- Explore ways to innovate London's transport network considering new consumer/ commuter behaviours and the network's financial difficulties. Options could include the creation of 'flexible working' season tickets.

12. The Local Plan aligns closely with a number of these recommendations and officers participated in the steering groups informing its production. For instance, the Local Plan does:

- Encourage flexible and adaptable workspaces, including the need for incubator space and space for innovation and start-ups.
- Encourage active and vibrant uses at ground floor, to animate City spaces and provide an environment which is attractive to investors and workers.
- Highlight the importance of culture and cultural enterprises in the City's attractiveness, including a new requirement for major developments to provide cultural plans and to consider the provision of creative spaces.
- Place greater emphasis on transport within and to the City of London, increasing opportunities for active travel and emphasising the importance of the City as a sustainable business hub.

13. It is significant that the London Recharged Report has been prepared during the Covid pandemic and was informed by interviews with many senior figures to gauge their latest views on the short term and long term implications of the pandemic for London. The close alignment between the Local Plan and the recommendations in the London Recharged Report provide some reassurance that the Plan is sufficiently flexible to still be relevant in current circumstances.

Nonetheless, the schedule attached to this report includes several proposed changes to reflect key aspects of the London Recharged Report, such as the increased importance of providing spaces which encourage collaboration and creativity.

Climate Action Strategy

14. The Court of Common Council on 8th October 2020 approved a Climate Action Strategy for the City Corporation, which sets out a radical programme of measures to:
 - a. Reduce carbon emissions and a trajectory towards achieving a zero carbon City Corporation and wider City of London by 2040.
 - b. Ensure the City Corporation's buildings and public realm are resilient to more extreme weather conditions and rising sea levels.
15. The Climate Action Strategy introduces a new way of working where the risks and opportunities arising from climate change are integrated into all City Corporation decision making. Through this strategy, the City Corporation will secure and strengthen its position as a world leading financial and professional services centre, with a public realm and buildings which are attractive places to work, live, study and visit.
16. The Proposed Submission draft Local Plan already addresses the need to reduce carbon emissions, increase resilience and has, at its heart, the delivery of a sustainable and green city. The delay in consulting on the Plan and the adoption of the Climate Action Strategy provide an opportunity to refine this approach, ensuring a consistent and strong message on climate is presented by the City Corporation.

Proposed Changes

17. Appendix 1 sets out a schedule of changes to the Proposed Submission draft Local Plan. The schedule identifies those changes that are required to respond to the Use Classes Order, Covid-19 and the Climate Action Strategy. The proposed changes also take account of advice received from a Planning Inspector who held a virtual advisory visit with officers in July, albeit his advice is not binding on the Inspector who will subsequently carry out the independent examination of the City's Local Plan. A copy of the Local Plan as approved at Court in May will be sent to Members electronically before the meeting so that the proposed changes can be compared to the previously approved Plan.
18. The schedule of changes set out at Appendix 1 have been agreed by the Local Plans Sub-Committee of the Grand Committee at meetings held on 20th October 2020 and 4th November 2020. Since the amendments are considered to be material changes to the Plan that was previously agreed by the Court, they will also require the express approval of Policy and Resources Committee and Court of Common Council. Members are asked to approve the schedule for consideration by Policy and Resources Committee and Court of Common Council.

19. The schedule also identifies a number of factual updates to the Proposed Submission draft Plan. Most of these changes are non-material and, in line with the authorisation previously given by the Grand Committee, do not need express approval, but are included here for completeness.

Next Steps

20. Following consideration by the Planning and Transportation Committee, the schedule of changes to the Proposed Submission draft Plan will be considered by:
- Policy and Resources Committee on 10th December 2020
 - Court of Common Council on 14th January 2021
21. Following consideration at Court, the Proposed Submission draft Plan will be issued for Regulation 19 pre-submission consultation in late January 2021 or early February 2021 for a period of 6 weeks. Following consultation, the Plan would then be submitted, prior to the summer recess, to the Planning Inspectorate for Public Examination. The Director of the Built Environment, in liaison with the Chair and Deputy Chair of the Planning & Transportation Committee, will, if necessary, compile a list of further changes to the Local Plan in response to public representations and submit this to the Secretary of State. Formal Examination hearings are then likely to take place later in 2021, with adoption of the new Local Plan now scheduled for 2022.
22. The Government recently consulted on fundamental changes to the planning system through its Planning White Paper. The City Corporation's response to these proposals was considered by Planning and Transportation Committee on 27th October 2020. The White Paper suggests transitional provisions for those local planning authorities that have submitted a plan for public examination at the time the revised planning legislation is enacted which would allow a submitted local plan to continue progress to adoption. The timing of legislation is uncertain, but it is expected to be progressed quickly, highlighting the importance of ensuring that the City's Plan is submitted for examination in late spring/early summer 2021. Allowing further necessary changes to the Plan after consultation to be agreed by the Chair and Deputy Chair of Planning and Transportation Committee will facilitate Plan submission in 2021 in advance of national changes to the plan preparation system.
23. The Government's Chief Planner has recently advised local planning authorities not to let the current uncertainty stop them from progressing work, particularly in respect to the preparation of plans. She emphasised that authorities should try not to lose momentum, adding that strong plans can help facilitate recovery from the pandemic as well as addressing housing needs and the economic challenges that lie ahead.

Corporate & Strategic Implications

24. The review of the Local Plan is informed by the Corporate Plan (2018-23) and the new Plan, when adopted, will help to implement a number of Corporate Plan outcomes. The Proposed Submission draft Plan provides a spatial planning

framework to support the Climate Action Strategy and key corporate capital projects, along with proposals to ensure a sufficient supply of business space to meet future needs. It also aligns with the adopted Transport Strategy.

25. There are no financial, resource, legal, risk or security implications arising from this report.
26. Equalities implications – the Local Plan has been informed by an Integrated Impact Assessment which incorporates an Equalities Assessment.

Conclusion

27. The draft Local Plan was agreed for Regulation 19 pre-submission consultation by the Court of Common Council at its meeting on 21st May 2020. Local Plan regulations at that time prevented consultation taking place without making physical copies of the Plan available for inspection. Amendments to the Regulations in July 2020 have now enabled a website only consultation.
28. Changes to permitted development rights and the Use Classes Order, which came into effect on 31st August and 1st September 2020, mean that further changes to the Proposed Submission draft Plan are now required to ensure it is compliant with national planning policy. Additional changes are needed to acknowledge the short term impacts of the Covid-19 pandemic, whilst emphasising that the medium to longer term fundamentals underpinning the City's economic success remain in place. The City Corporation has also adopted its Climate Action Strategy and updates are proposed to reflect the strategy. Other factual updates are also proposed.

Appendices

- Appendix 1: Schedule of proposed amendments to the Proposed Submission version of the City of London Local Plan

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