

Committee(s)	Dated:
Planning and Transportation Committee	14/12/2021
Subject: City Plan: Update on progress and next steps	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?	Not in 21/22 or 22/23
If so, how much?	
What is the source of Funding?	
Has this Funding Source been agreed with the Chamberlain's Department?	
Report of: Juliemma McLoughlin, Executive Director Environment	For Decision
Report author: Adrian Roche, Environment Department	

Summary

The draft Local Plan, titled City Plan 2036, was published for Regulation 19 pre-submission consultation between 19 March and 10 May 2021. This report summarises the outcome of the consultation exercise and highlights the key issues arising. While the consultation responses expressed broad support for many of the Plan's policies, they also revealed some concerns, principally relating to tall buildings and heritage matters, including a general conformity objection from the Mayor of London in relation to the draft tall buildings policy. A number of representations also questioned the impact of the pandemic on the assumptions underpinning the draft Plan.

In light of the representations received, extended uncertainty over the impacts of the pandemic on office demand and development activity, and the priority need to embed climate action into the Plan, alongside the increasing age of the Plan's evidence base, officers have concluded that some material changes are needed to ensure that the Plan will be found sound by a Planning Inspector. It is considered that the opportunity should therefore be taken to revise the Plan to ensure that it is fit for a post-Covid and climate-resilient future. The report sets out the next steps and includes an outline project plan with a revised timetable to adoption, together with potential risks and mitigation measures and resource implications. It recommends changing the Plan end date to 2040 to align with the headline net zero target in the City Corporation's Climate Action Strategy.

Recommendation(s)

Members are asked to:

- Note the summary of key issues raised during consultation on the Proposed Submission draft City Plan 2036 set out in Appendix A;

- Agree the revised City Plan timetable proposed at Appendix B; and
- Agree to amend the City Plan end date to 2040 to align with the Climate Action Strategy.

Main Report

Background

1. The City Corporation is preparing a new local plan to replace the current City of London Local Plan, which was adopted in 2015 and sets out development requirements up to 2026. A Proposed Submission draft of the new local plan, covering the period to 2036 and titled City Plan 2036, was published for 'Regulation 19' consultation on 19 March 2021. This was the third public consultation on the emerging City Plan and is normally the final consultation stage prior to submission of a local plan to the Secretary of State for examination by an independent Planning Inspector. Consequently, it is a relatively formal type of consultation using a nationally prescribed form that asks questions about matters such as the soundness and legal compliance of the Plan in order to assist the Planning Inspector.
2. Public consultation was carried out online only in accordance with temporary regulations designed to enable plan-making activity to continue during the Covid-19 pandemic. Consultation ended on 10 May 2021 and a total of 1,327 formal representations were received from 171 respondents. Notwithstanding the absence of in-person events, this was a significantly higher response rate than at the equivalent pre-submission stage of the City's current adopted Local Plan. Over 50% of responses were from individual members of the public. Other responses were received from a range of statutory bodies and interest groups. There were relatively few responses from the development industry, albeit that the City Property Association (CPA) responded on behalf of their 150+ members.

Consultation outcomes

3. Appendix 1 provides a bullet point summary of the key issues raised during the pre-submission consultation, grouped by theme and in the same order as the Plan itself. Full copies of the original representations, with personal details other than names redacted, have been published on the City Corporation's website at www.cityoflondon.gov.uk/cityplan2036. Officers have drafted responses to each of the individual points raised, but these have not yet been published as they are dependent to some extent on the decision to be made today regarding the next steps and future timetable.
4. Overall, there was broad support for the draft City Plan's vision and strategic objectives albeit that some respondents argued there is a lack of clear prioritisation regarding the delivery of sometimes competing or conflicting aspirations. The draft Plan's growth strategy, including the target of 2 million m² of net additional office floorspace up to 2036, was welcomed by the Mayor of London and the development industry, although some respondents questioned the impact of the pandemic on the need for this level of office space. More

broadly, a number of respondents questioned whether the Plan is radical and creative enough in terms of re-thinking the nature of the City post-Covid.

5. While the representations covered a wide range of topics, the dominant theme in terms of objections to the Plan was a concern about the impact of growth and intensification, particularly tall buildings, on heritage assets and the City's character together with concerns that the Plan policies are not strong or clear enough to prevent harm to heritage assets.
6. The Mayor of London identified some differences between the policy approach to tall buildings in the draft City Plan and the adopted London Plan 2021, which has led him to conclude that the draft City Plan is not in general conformity with the London Plan. The Mayor suggested two areas where changes could be made to address the general conformity issues:
 - *Tall Buildings* – the Mayor considers that the City Plan should identify which areas of the City are appropriate for tall buildings and, within these areas, indicate appropriate building heights to provide necessary guidance on tall building development and accord with the London Plan.
 - *World Heritage Site* – the Mayor considers that the City Plan should more pro-actively set out the parameters that will be used to protect the Tower of London, including managing down acceptable building heights in proximity to the Tower.
7. Similar comments calling for greater clarity on the policy approach towards tall buildings were made by Historic England. Responses were also received from nearly 70 individuals expressing support for the representations made by the London Sephardi Trust and the Spanish and Portuguese Sephardi Community concerning the potential impact of tall buildings on the setting of Bevis Marks Synagogue.
8. In terms of other key issues, there was broad support for the emphasis on flexible and adaptable office spaces and for the environmental and climate change policies, albeit a desire in some quarters to go further particularly in relation to requiring robust justification for demolition rather than refurbishment of existing buildings. Likewise, there was broad support for the draft Plan's emphasis on health and inclusion, but comments to the effect that certain policies should go further in protecting valued amenities, promoting new facilities and/or widening inclusivity.
9. Strong support was expressed for the draft City Plan's cultural aspirations and for enhancing the links between culture and commerce. However, there were concerns about the impacts of the night-time economy on residential amenity while a number of respondents argued for a more strategic approach towards the night-time economy. While supporting the Plan's aspirations to retain and promote retail provision, some respondents questioned the growth assumptions underlying the retail policies in light of the pandemic and wider market trends.

Implications for the City Plan

10. Much of the Proposed Submission draft City Plan was supported by respondents to the consultation and where changes were suggested, these were often put forward simply in the context of seeking to improve the effectiveness of the policy in question. Nonetheless, there are a number of policy areas where consultation feedback and/or other factors indicate that material changes will be needed to ensure that the Plan will satisfy the relevant soundness tests at Examination and to provide a robust policy framework to guide future City development. These subjects are explored below:

Tall Buildings

11. The 'hierarchy of conformity' principle means that the City Plan must be in general conformity with the London Plan and that it needs to complement the Government's planning policy position as set out in the National Planning Policy Framework (NPPF) and other documents. Although the Mayor of London had previously indicated that a more prescriptive tall buildings policy was appropriate, this had not been identified as a potential conformity issue until now. The Mayor was, himself, directed by the Secretary of State to strengthen tall buildings policy in the London Plan in December 2020 and this may have been a reason behind the conformity issue with the City Plan. In addition, recent high profile planning applications have focused attention on the relationship between the City Cluster and the Tower of London World Heritage Site.
12. Where a local plan is judged to not be in general conformity with the London Plan, it is highly unlikely that a Planning Inspector would consider that plan to be sound. Accordingly, it is considered that material changes will be needed to address the Mayor's concerns and further technical work will be required to evaluate options and potential impacts in relation to the location and height of tall buildings. GLA officers have indicated a willingness to work constructively with City Corporation officers to resolve the issues identified.
13. A plan-led policy approach to tall buildings would not necessarily mean a more restrictive approach, but one of the key implications of such an approach is that it would require landowners with aspirations for tall buildings on their sites to actively engage in the plan-making process. Consequently, it could be expected to lead to a longer and more expensive Local Plan Examination. On the other hand, it may provide greater certainty over appropriate locations for tall buildings, reducing objections at planning application stage.

Climate Change

14. The City Corporation adopted its Climate Action Strategy in October 2020, setting out an ambitious set of targets to reach net zero carbon across the Square Mile by 2040. Delivering net zero carbon in the built environment and transportation are identified as key requirements to meet this target. Although the pre-submission draft City Plan contains policies aligned to the Climate Action Strategy, officers consider that further material changes are required to more effectively embed carbon reduction, climate adaptation and climate resilience

into the Plan and future planning strategy. The evidence from the COP26 conference in Glasgow is that there is widespread support from businesses and residents for a more pro-active approach.

15. In relation to the City Plan consultation, several representations were received around the theme of whole life carbon assessments for major developments and the justification for demolishing existing buildings rather than refurbishing and retrofitting them. Members will be familiar with these issues as they have arisen on a number of recent planning applications considered by this Committee. Given the complexity of these matters and the regularity with which they arise on individual development proposals, officers consider that greater clarity should be provided in the City Plan and supporting supplementary guidance,
16. The NPPF expects local plans to look ahead over a 15-year period from adoption. Given the time that has already elapsed and the need to do more work to resolve the Mayor's general conformity objection, it is no longer possible for the emerging City Plan to meet this requirement. Officers consider that aligning the City Plan end date with the Climate Action Strategy's headline target to deliver net zero for the Square Mile by 2040 and embedding this as a core theme of the Plan's spatial strategy, would send a clear message about the synergies between these two key corporate policy documents.

Offices

17. Although the debate around office demand in the wake of the pandemic did not generate many objections to the draft Plan, there were representations claiming that the credibility of the Plan was reduced by the age of the evidence base and the fact that much of it was drafted prior to the pandemic. The office floorspace targets in the draft Plan are derived from GLA employment projections produced in 2017, which remain the latest such projections at the time of writing. However, new GLA employment projections are expected to be published shortly.
18. The long-term implications of the pandemic on office demand are still unknown, particularly the extent to which hybrid working models may or may not become embedded as the 'new norm'. Demand for high quality new office floorspace in the City appears undiminished as a result of the pandemic, with many market commentators and analysts talking of a 'flight to quality' buildings and locations in a post-Covid period. However, there is less certainty regarding the demand for older, lower quality office stock, particularly in fringe locations. Officers consider that a pause to the City Plan timetable would be beneficial, enabling a fuller assessment of post-lockdown working patterns and investment decisions and updated employment projections to be factored into the Plan. This would then provide a more robust strategy for City development up to 2040.

Retail and 'town centre' uses

19. The retail and hospitality sector has been particularly hard hit by the pandemic and although there are some signs of recovery since the lifting of lockdown restrictions, market conditions remain challenging. This is particularly true for city-centre locations, like the City of London, which is more reliant on food and

beverage offers and daily worker footfall than traditional town centres and high streets. Developers, investors and occupiers are also adjusting to the implications of changes to the Use Classes Order in 2020 which introduced much greater flexibility and the ability to switch uses between retail, office and some community and leisure uses without the need for planning permission.

20. The retail policies in the draft City Plan were challenged by the CPA on the basis that they require redrafting to reflect the changing circumstances of the retail market and the changes made by the Government to the Use Classes Order.
21. A pause to the City Plan timetable would provide an opportunity to refresh the existing retail evidence supporting the City Plan, which largely pre-dates the pandemic, and to reassess the policy approach informed by updated evidence. It would also enable further consideration to be given to the role of other 'town centre' uses as defined in the NPPF (e.g. leisure, entertainment, arts, culture and tourism development) in supporting the City's long-term vibrancy and vitality.

Housing

22. Housing did not emerge as a major theme in the pre-submission consultation, although there were comments regarding residential amenity issues and a few questioning how the London Plan housing target will be met. Some sizeable housing sites have either recently been completed or are due to complete during 2021/22, meaning that the City Corporation performed well against the Government's Housing Delivery Test last year and is expected to do so again this year.
23. However, very few planning applications for residential development have been received in recent years and the residential development pipeline is now very low. The NPPF requires local planning authorities to maintain an ongoing five-year housing land supply and the City Corporation will be required at the Public Examination into the Plan to demonstrate that there is sufficient housing either permitted, being considered, or allocated in the Local Plan to meet future housing needs for 5 years from the date of adoption of the plan. On the basis of the current housing development pipeline, the City Corporation would not be able to meet this test, unless some significant windfall sites come forward in the near future.
24. Planning Inspectors have in the past applied national housing policies pragmatically to the City of London in recognition of the overriding objective to maintain and expand its strategically important agglomeration of office floorspace. Nonetheless, the City's residential development pipeline was considerably higher at previous local plan examinations than it is currently, and the deteriorating housing land supply position presents a risk to the soundness of the City Plan. It also means that the City is potentially vulnerable to speculative planning applications for housing in unsuitable locations.
25. For these reasons, officers consider that a pause is needed in the Plan's preparation to enable further technical work to be undertaken to consider future housing supply, potentially including the allocation in the Plan of a small number

of sites for future housing development. Emphasis could be given to newer forms of housing such as Build to Rent and Co-Living that are potentially more complementary to the City's business and cultural objectives than traditional forms of housing. Further engagement will also be required with the Mayor in relation to London Plan housing targets, and with neighbouring boroughs to assess the extent to which the City's housing targets could be met through development on City Corporation sites outside of the City's boundaries, or through other boroughs agreeing to meet some of the City's housing need.

Health and inclusivity

26. While respondents to the consultation generally supported the policies in the Healthy and Inclusive City section of the Plan, there were a number of suggestions for refinements and improvements with an emphasis on protecting amenities/facilities and widening inclusivity. In the context of the City's post-Covid recovery and the desirability of widening its appeal to visitors, as well as the diversity of its workforce, there is scope to further strengthen the policy approach particularly in relation to social and economic inclusivity.

Next steps: options

27. There are essentially two options available in terms of progressing the City Plan towards adoption.

28. One option is to press ahead and submit the Proposed Submission version of the Plan that was consulted on earlier this year, together with the representations received, without making material changes to the Plan. This option has the superficial attraction of being quicker and cheaper since it is often possible to rectify any shortcomings through modifications to a local plan during the examination process in agreement with the Planning Inspector.

29. However, officers do not support this option and consider it to be extremely risky for the reasons outlined earlier in this report and summarised in brief below:

- Proceeding with a Plan that is judged by the Mayor not to be in general conformity with the London Plan would run the risk of the whole Plan being rejected by a Planning Inspector, incurring abortive Examination costs;
- The deteriorating housing land supply position, the age of the evidence base and the fact that the Plan period would now be less than 15 years pose further risks to the soundness of the Plan;
- When officers had an advisory visit from a Planning Inspector in summer 2020, he indicated that the implications of the pandemic were so uncertain that it would be acceptable to proceed with a pre-Covid Plan. However, 18 months on, the length of the pandemic and its impact on society and the economy mean that it is arguably no longer tenable to proceed with a Plan that was predominantly drafted before the pandemic.

30. The alternative option is to pause the City Plan to refresh the evidence base and allow more detailed consideration of post-Covid economic, social and environmental circumstances. This would allow the City Corporation to revisit the issues mentioned above and potentially to make material changes to ensure that

the City Plan will be found sound at examination. It would also enable the City Plan to articulate the land-use implications of recovery initiatives such as the Recovery Taskforce and the Culture & Commerce Taskforce, and to set out the City Corporation's aspirations for the post-pandemic future of the City.

31. A pause would also allow the City Corporation to engage constructively with respondents to address their concerns where possible to potentially reduce the number of objections at examination.
32. It has always been the intention that the City Plan and the Transport Strategy should progress in tandem, where feasible, albeit they are prepared in the context of different legislation and processes. Adoption of the updated Transport Strategy has been put back to 2023 and production of the new City Plan on a similar timeline would provide scope for additional evidence gathering next year to inform changes to both documents. As mentioned above, it would also enable greater alignment with the Climate Action Strategy.
33. In light of the above factors, officers recommend that material changes should be made to the draft City Plan, including rolling forward the plan period to 2040, and that a revised Proposed Submission draft should be re-published for Regulation 19 consultation prior to being submitted to the Secretary of State. It is important to emphasise that this would not mean re-writing the entire Plan or going back to 'square one' as much of the draft Plan was well-received and remains fit for purpose.
34. Appendix B sets out a suggested revised timetable and next steps. It proposes to focus on quickly updating the evidence base in the first half of 2022 and to undertake a 'call for sites' consultation in the spring to establish if any landowners wish to suggest sites for future residential development. The scope of this technical work would be agreed with the Local Plans Sub-Committee early in the New Year, with further progress reported to the Local Plans Sub-Committee prior to the summer recess. A revised Proposed Submission Draft City Plan would then be reported to the Sub-Committee in September 2022, followed by the Grand Committee, Policy and Resources Committee and Court of Common Council. Unfortunately, currently scheduled committee dates mean this would be a lengthy process, with Regulation 19 public consultation commencing after the December 2022 Court and ending in February 2023. Subject to no fundamental soundness issues emerging during the consultation process, the intention would be to submit the Plan to the Secretary of State by the end of March 2023.
35. Revising the timetable as recommended has financial implications as it would require significant updating of the current City Plan evidence base. Further details are set out below under the sub-heading financial implications.
36. Delaying the submission of the City Plan would not be without its own risks. Amongst these are the fact that the adopted Local Plan is more than five years old and is therefore no longer 'up-to-date' using the Government's definition, which may begin to reduce the weight attached to it. The weight that can be attached to the current draft City Plan is also likely to reduce if a commitment is

made to make material changes to it, albeit that only limited weight can be applied until it has gone through examination. National planning reforms represent another risk, although the recent change of Secretary of State has resulted in a pause to the forthcoming Planning Bill and may result in amendments to the proposed zonal policy approach that was signalled in the 2020 Future of Planning White Paper. Appendix B highlights the risks of revising the City Plan timetable as proposed.

Corporate & Strategic Implications

37. The preparation of the City Plan is informed by the Corporate Plan (2018-23) and the new Plan, when adopted, will help to implement a number of Corporate Plan objectives. It will support the delivery of key Corporate priorities, along with proposals to ensure a sufficient supply of business space and complementary uses to meet future needs. The recommendations in this report seek to strengthen the synergies between the City Plan and the Climate Action Strategy, as well as aligning with the timetable for the review of the adopted Transport Strategy.

Financial implications

38. To date, approximately £220,000 has been spent on commissioning studies to support the City Plan over a 5 year period. Not all of these will need to be updated and some of revisions could be done in-house, staff resources permitting, but it is estimated that at least £100,000 will be needed to update key parts of the evidence base plus potentially to prepare some additional evidence on post-Covid trends. Some funding may also be required to undertake additional 3D modelling work on the location of tall buildings. Currently there is provision for £120,000 in the Planning Policy Local Risk budget to cover the costs of the examination, but if that funding is used for refreshing the evidence base a similar level of funding would need to be found in the 2023/24 budget to cover the City Plan examination costs.

Staff Resource implications

39. Preparation of a revised pre-submission Regulation 19 City Plan will be carried out in-house by the Development Plans Team, with support from Development and Design colleagues in the Planning Service and other services as appropriate. In some cases, external consultants will be commissioned to undertake specific technical studies, with in-house staff managing the consultants' work. The staff resourcing of the Development Plans Team is being considered through the Target Operating Model process.

Legal implications

40. There are no specific legal requirements, other than the ongoing requirement to ensure that all relevant statutory processes are complied with during production of the City Plan.

Equalities implications

41. Preparation of the City Plan has been informed by an Integrated Impact Assessment which incorporates an Equalities Assessment. Any material changes to the Plan will be subject to further Equalities Assessment.

Risk implications

42. Preparing a revised pre-submission Regulation 19 City Plan is considered to be less risky than submitting the current version for examination due to the factors explained in this report. The recommended course of action still involves some risks, however, which are set out at Appendix B.

Climate implications

43. The City Plan is one of the key mechanisms for achieving the targets in the Climate Action Strategy which relate to the Square Mile rather than the City Corporation's own operations, in particular the net zero target for the Square Mile by 2040. The recommendations in this report seek to strengthen alignment between the City Plan and the Climate Action Strategy.

Security implications

44. There are no direct security implications. The draft City Plan includes policies on safety and security which attracted relatively few comments at the Regulation 19 consultation.

Conclusion

45. This report summarises the outcome of consultation on the Regulation 19 pre-submission City Plan earlier this year and highlights key issues arising, including a general conformity objection from the Mayor of London in relation to the draft tall buildings policy. The report sets out two options, either to press ahead with submitting the current version of the City Plan for examination or to make material changes and to re-publish a revised Plan for another round of Regulation 19 consultation.
46. The report recommends revising the Plan to ensure that it will be found sound by a Planning Inspector and that it is fit for a post-Covid, climate resilient future. It also recommends changing the Plan period to 2040 to align with the headline net zero target in the Climate Action Strategy.

Appendices

- Appendix A: Summary of key issues raised during consultation on the Proposed Submission Draft City Plan
- Appendix B: Proposed revised timetable and next steps

Report author

Adrian Roche
Development Plans Team Leader

T: 020 7332 1846

E: adrian.roche@cityoflondon.gov.uk