

London Plan Examination in Public – Written Statement

Respondent Number	2536
Organisation	London Assembly Planning Committee
Contact name	Paul Watling
Email	Paul.watling@london.gov.uk
Telephone	020 7983 4893
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Low Cost and Affordable Business Space

M60. Are policies E2 and E3 justified and would they be effective? In particular:

- a) Are they necessary to address the strategic priorities of London, or do they extend to detailed matters that would be more appropriately dealt with through local plans or neighbourhood plans?**

Low cost and affordable business space is essential to provide the ‘seed bed’ for London’s future entrepreneurs.

The Assembly supports the inclusion of a new policy to ensure “a sufficient supply of business space of different types and sizes...at an appropriate range of rents”. The pressure on affordable workspace supply in London is increasing, exacerbated by a declining trend in industrial land stock, coupled with the relaxation of planning rules for Permitted Development Rights.¹

The interests and needs of micro and small businesses, which make up the overwhelming proportion of SMEs in London, must be properly considered and reflected in this new policy. This could be achieved by including a commitment to provide specific support to these businesses, in addition to the Mayor’s commitment to “encourage the delivery of new workspace for SMEs”, and similarly to his commitment to specifically support artists and creative businesses.

The Assembly’s Economy Committee investigated access to workspace focusing on SMEs in 2017. The Committee’s findings, set out in its report [Helping SMEs to thrive](#),² demonstrate that the lack of affordable workspace is impeding the growth of micro and small business in the capital.³ The Committee heard that the challenges and needs of micro-businesses differ considerably to SME businesses employing large numbers of people. This can mean that the voice of smaller business is lost in conversations to develop policy and practice. In its report on [micro businesses](#), published in August 2018, the committee also heard that finding suitable workspace or retail space was a top concern for microbusinesses.

¹ Rules for Permitted Development Rights were relaxed from May 2013 and made permanent in October 2015.

² https://www.london.gov.uk/sites/default/files/helping_smes_to_thrivefinal.pdf

³ Page 3, [Helping SMEs to thrive](#), London Assembly Economy Committee, November 2017

The Committee found that better alignment of local planning policy and local business early on, to minimise the displacement that can occur following new or re-development is key, to ensure that SMEs remain firmly embedded in local communities across the capital. The interests and needs of micro and small businesses, which make up the overwhelming proportion of SMEs in London, must be properly considered and reflected in the London Plan.

The Committee heard that co-working space is a great option for microbusinesses as it provides a flexible and more affordable work space. It can also provide access to a network of businesses and so encourage best practice among business owners. Both are highly valued by microbusinesses, and can be vital if start-ups are going to survive their first year in business and become established.⁴

The Assembly believes that the Policy in E2 B1-3 might be further strengthened by incorporating the whole of the text in paragraph 6.2.6, perhaps as a new policy aimed at ensuring any loss of low-cost business space has been sufficiently justified to a local authority.

c) Or would that objective be better achieved by market forces in the context of other policies in the Plan, including E1A, E4A, E4H, E5C and E6, as well as any relevant policies in local plans and neighbourhood plans?

Policies E4A, E4H E5H and E6 provide industrial floorspaces to SMEs or spaces in industrial lands areas. Those locations might not work for SMEs.

E1 does not raise the issue of affordability of workspace.

The Economy Committee heard from SMEs and microbusinesses that finding suitable, and affordable, workspace in London, and specifically central London, was a key concern for the survival of SMEs in London.⁵ Indeed, we heard that rents are increasingly unaffordable and finding the right kind of space is difficult. Finding a workspace is also a challenge for home-based and self-employed businesses, as they need to secure affordable workspace to make or sell goods. We heard that microbusinesses need access to selling space and to attract in customers to view their product and to establish a relationship with them.

It is questionable whether market forces provide the spaces needed to micro and small businesses as The pressure on affordable workspace supply in London is increasing, exacerbated by a declining trend in industrial land stock, coupled with the relaxation of planning rules for Permitted Development Rights.⁶

d) How would policies E2 and E3 affect the implementation of policy GG5 “growing a good economy”?

⁴ Page 14, [What works for microbusinesses](#), August 2018

⁵ [Economy Committee meeting in](#) May 2018, Sue, Federation of Small businesses; p5.

⁶ Rules for Permitted Development Rights were relaxed from May 2013 and made permanent in October 2015.

Policies E2 and E3 support policy GG5 and in particular:

GG5B and GG5C and GG5F- Microbusinesses and small businesses are a vital part of London's economy. They drive economic growth, create jobs and help shape local communities. Microbusinesses are not only vital for London's Economy as they drive economic growth and create jobs, but they also contribute to London's uniqueness. Soho, Spitafield Market, Brick Lane, to name just a few, would not exist without microbusinesses.⁷

The Assembly's Economy Committee has heard from microbusiness owners how concerned they are by ever rising rents, business rates, and the lack of access to affordable workspace. They simply fear for their future.

The Assembly refers the Panel to its comments on these Policies on the Draft London Plan consultation:

Policy E2 A: We believe there is scope for a more precise definition, or as a minimum, an indication, of how low-cost business space is defined for the purposes of the draft London Plan, and how it differs from the term 'affordable business space'.

Policy E2 B: We welcome the requirements for a loss of existing low-cost B1 business space to be justified in new development proposals, and for either an appropriate equivalent space to be 're-provided', or a suitable alternative offered, as proposed by Policy E2B.

Policy E2 C: We note the requirement in this policy for development proposals for new B1 business floorspace greater than 2,500 sqm, to consider the scope to provide a proportion of flexible workspace suitable for micro, small and medium-sized businesses. However, we believe that there is scope to provide an indication of the proportion of flexible space that should be provided in new developments.

Paragraph 6.2.6 There is also scope to reflect the need for innovative use of alternative spaces to support business start-up hubs, incubator projects and co-working in paragraph 6.2.6 of the draft London Plan, and to consider incorporating this aspect into policy. We would argue that premises categorised as planning use D1 would be suitable for this purpose, and could help provide greater flexibility in the type of building that can be used.

⁷, [What works for microbusinesses](#), August 2018