

London Borough of Hammersmith and Fulham  
Draft Local Plan

**Background paper: Employment policy –  
Supplementary Note**

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## **1 Introduction**

1.1 This note has been prepared to provide a position statement regarding employment and economic activity in the borough and an update of the policy context which will help to inform the preparation of the borough's emerging draft Local Plan. This note updates employment studies supporting the existing Core Strategy and the supplementary employment note of September 2012 that was a background document for the Development Management Local Plan. This earlier information remains relevant in many respects and continues to provide a good understanding of the borough's economy.

1.2 The existing Core Strategy was prepared under the umbrella of former Planning Policy Statement 4 Planning for Sustainable Economic Growth which was published in December 2009. The Development Management Local Plan was prepared under the National Planning Policy framework (NPPF) (March 2012). The council's emerging draft Local Plan will need to be in conformity with the broad direction of the NPPF.

1.3 At the London level a revised London Plan was adopted in 2011, although this is now subject to early minor alterations adopted in October 2013 and Further Alterations to the London Plan (FALP) published in January 2014 which were subject to examination in September 2014. The Inspector's report was published in December 2014. The GLA has published employment studies and Supplementary Planning Guidance (SPG) as part of its plan preparation. These studies and SPG assist in supporting and shaping local policies at the borough level. The London Plan 2011 includes strategic proposals with regard to Opportunity Areas in this borough at Earl's Court and West Kensington, White City and Park Royal as well as a Strategic Industrial Location. The FALP amends policy for the Park Royal OA and promotes a new opportunity area at Old Oak Common.

1.4 Progress towards regeneration and growth has been rapid in recent years with significant mixed use schemes being approved within Earl's Court and West Kensington and White City Opportunity Areas in particular. However, development activity in the borough for purely employment uses has been relatively low. There have been changes to the office development pipeline since the original Core Strategy background paper and subsequent updated studies were published. In addition, planning consents and changes to permitted development rights coming into effect in 2013 have seen a number of employment sites and premises change to, or gain approval for, residential and other non-office uses.

### **The borough's economy**

1.5 The local economy of the borough is predominantly service-led (including knowledge based industries, tourism, creative arts and entertainment, computing, life sciences and sectors with a good track record of research and innovation) with very few businesses in manufacturing, construction or agriculture. Despite tough economic conditions, the borough has fared well,

and the economy remains competitive and healthy. However it is an economy that was hit hard by the recession but recovered quickly and, consequently, securing a more stable and diverse economy and supporting local firms are important priorities.

1.6 The council's Local Economic Assessment 2013 reveals that:

“According to the very limited data on overall economic strength available at a local authority level, the London Borough of Hammersmith and Fulham has one of the most resilient and competitive economies in the country. According to the Huggins Competitiveness Index the borough has the 5th most competitive economy in the country (and in London), and the 65<sup>th</sup> most resilient according to Experian.

The borough has a number of key strengths which underpin these high rankings:

- A very high business density (business per thousand residents) – ranking 20<sup>th</sup> nationally and 7th highest in London.
- A high level of Gross Value Added – a localised version of Gross Domestic Product.
- A high job density (available jobs in the borough as a ratio of the working age population) – ranked 19th nationally and 9th in London.
- A high business birth rate in 2011 as a percentage of all active businesses in 2011, and at the same time, a 10% decrease in the number of business deaths between 2010 and 2011. In 2010/11 the borough had a high ratio of business births to deaths, perhaps indicating a continued recovery and growth in the local economy (ranked 23rd nationally).
- A high proportion of businesses in sectors which tend to correlate with economic strength and growth, including knowledge based businesses, the entertainment industries, tourism, creative industries and life sciences.
- The borough also tends to have a large proportion of businesses in the borough which are foreign owned.
- The borough has a relatively low proportion of businesses in sectors that are deemed to be vulnerable to economic changes”.

1.7 The main employment hubs within the borough continue to be central Hammersmith, which is an important sub-regional location for offices as well as a major town centre, and Shepherds Bush, which is identified in the London Plan as a metropolitan town centre. In the north of the borough is the Hythe Road industrial estate where Car Giant is located, as well as the borough's two strategic waste companies, EMR and Powerday. However, there are other businesses scattered throughout the borough, often in close proximity to residential accommodation. Many of these businesses are small to medium sized enterprises. The council's draft Local Economic Assessment 2013 found, that “the borough has a very high proportion of very small or micro businesses (with under 5 employees) at almost 89.8% (compared to 89.5% for London and 88.9% for England); and a comparatively high proportion of very large enterprises, that is with 250 or more employees (0.6% compared to 0.5% for London and 0.4% for England as a whole)”.

1.8 Further details of the borough's economy may be found in the Hammersmith and Fulham Borough Profile 2014.

## **2 Policy context**

### National Policy context – National Planning Policy Framework (NPPF)

2.1 The emphasis of the NPPF with regard to economic activity is for the planning system to operate flexibly to support sustainable economic growth. This includes setting out a clear economic vision and strategy for the development of the area. This vision should be matched by the identification of strategic sites or by the setting of criteria to meet anticipated needs and for the identification of priority areas for regeneration. It should include support for existing business sectors and for the promotion and expansion of clusters especially those associated with knowledge, creative or high technology industries. The focus should be on more sustainable patterns of development reducing the need to travel, especially by car. Land holdings for employment use should be regularly reviewed and the long term protection of sites should be avoided where there is no reasonable prospect of them being brought into productive use.

2.2 The town centre first principle is retained to ensure the continued vitality of town centres. A range of suitable sites should be identified to meet the scale and type of town centre uses required including offices. Where there are insufficient sites a sequential approach should be adopted or alternative highly accessible sites identified. An impact assessment should be required for development of town centre uses not in accordance with the Development Plan. A default threshold of 2,500 sq m is set out for the submission of an impact assessment if no limit is identified in the local plan.

2.3 The NPPF encourages change of use from buildings currently in the B use classes to residential unless there are strong economic reasons why such development would be inappropriate. Temporary changes to the Use Classes Order effective until 30 May 2016 have reinforced this theme with B1a offices being able to change use to residential subject to prior notification. The council sought exemption from the permitted development rights for Hammersmith town centre, but this was rejected by the Government.

2.4 The NPPF states that Local Plans need to be based on an adequate and up to date evidence base that takes account of the above considerations. With regard to business this should include assessing the needs for land and floorspace for economic development in both quantitative and qualitative terms and assessing the actual supply and its adequacy for the identified anticipated needs. This includes working with all interested parties and across boundaries.

### Regional policy – The London Plan Spatial Development Strategy for Greater London July 2011

2.5 The London Plan was adopted in July 2011. It has an emphasis on promoting a strong and diverse economy in all parts of London based on established growth sectors, such as finance and business services, as well as emerging growth sectors, such as retail and leisure. Structural change should be managed appropriately with release of sites in poorly located non-viable locations. The London Plan notes that much of the new growth will be in the designated Opportunity Areas as well as a focus on town centres. The Further Alterations to the London Plan (FALP) 2014 identify three Opportunity Areas (OA) in Hammersmith and Fulham, namely Earl's Court and West Kensington, White City and Old Oak Common (which spreads into Ealing and Brent). White City is identified as a potential Strategic Outer London development centre in addition to an Opportunity Area in view of its strategic importance for media and higher education functions within west London.

2.6 London Plan policy 2.17 requires the promotion and protection of Strategic Industrial Locations whilst allowing for local policies to manage industrial sites outside of these areas. The research undertaken on industrial release benchmarks as part of the Mayor's SPG on Land for Industry and Transport (September 2012) indicates that there will be a continuing decline in the manufacturing sector, but that the demand for waste activities and distribution will partially compensate for this loss. This SPG and Map 4.1 in the London Plan (2011) identify Hammersmith and Fulham as an area where there should be a 'restricted' transfer of industrial land to other uses (with exceptional planned release). This is in recognition of significant and exceptional planned releases at White City/Earls Court. Boroughs are encouraged to manage industrial land and to release sites outside the Strategic locations having regard to a criteria based approach and having regard to the benchmarks for release of land set out in SPG. The benchmarks are set out by sub-region and in this part of London during the twenty year period 2011-2031, west London boroughs are expected to release 144 hectares of industrial land. (Table 3.1 Land for Industry and Transport SPG). Annex 1 indicates that the release (restricted with exceptions) in Hammersmith and Fulham should be 39 hectares.

2.7 London Plan policy 4.4 sets out criteria to guide the release of sites outside the Strategic locations and Locally Significant Industrial sites. These relate to both economic and land use criteria including the quality of sites and the fitness for purpose to meet a range of business needs as well as locational criteria relating to sustainability considerations. The existing Core Strategy does not include any Locally Significant Sites, opting instead for a more flexible criteria based approach throughout the borough outside the Strategic Industrial Location. This approach is continued in the draft Local Plan.

2.8 With regard to offices, Hammersmith and Fulham is not within the designated Central Activities Zone (CAZ) in the London Plan. However, its west London location situated between Heathrow and the City has meant it is an important sub-regional office location. The London Office Policy Review (latest 2012) considers that there continues to be a significant need for additional office floorspace of 320,000 sq.m. (gross) (or approximately 23,000

jobs) within Hammersmith and Fulham up to 2031. It states that the existing pipeline, including under construction, shows a significant over-supply and would represent 142% of anticipated demand to 2031. However, it adds that the supply side data includes schemes that have not been market tested and not all of it will come forward. Neither are the demand projections inevitable, and these will be subject to market realities over time.

2.9 The LOPR also identifies the potential loss of offices to residential. In this respect, LBHF monitoring data has identified that between 2009 and 2013 there were 103 office to housing conversion schemes, comprising 70,300 sq m of office floorspace. These schemes often involved office accommodation in secondary locations.

2.10 The council's monitoring data shows a continuing trend for such planning consents and, more recently, prior approvals for offices to change to residential. In particular, council data on new permitted development rights (PDRs) shows that since August 2013, 106 applications have been granted and 30 refused. In total, the 106 approved prior notifications represent a potential loss of office floorspace to residential of nearly 43,000 sq m.

2.11 The London Plan policy 4.2 encourages the consolidation and extension of office centres outside the CAZ in viable locations with increases in the current stock where appropriately justified by demand. Changes of use of surplus office space should be supported. The London Plan provides little qualitative guidance on the nature of demand in terms of size of units, although the SME (small and medium enterprises) sector continues to be actively encouraged including the encouragement of the re-use of surplus larger offices for the provision of smaller office units. In the FALP, the Mayor states that boroughs should "monitor the impact of government liberalisation of permitted development rights for change of use from offices to residential".

#### Core Strategy 2011 and emerging Local Plan

2.12 The Core Strategy is in general conformity with the London Plan (2011) and is considered to be compliant with the NPPF through its proactive approach to sustainable economic development (see Hammersmith and Fulham Self-Assessment for the Development Management DPD, June 2012). Development for new homes and jobs is proposed primarily in the designated regeneration areas in the Core Strategy and this approach is continued in the draft Local Plan. There is no blanket approach to the protection of employment land and instead the policy includes a criteria based approach for the retention or release of existing sites. The exception to this approach was the designation in the Core Strategy of the Strategic Industrial Location (SIL) in the Park Royal area, however this designation is not continued in the Local Plan. The identification of the new Old Oak Common OA in the FALP, where there will be significant regeneration of new housing and jobs associated with a new public transport hub for Crossrail and HS2, effectively de-designates the SIL in this borough.

2.13 In view of the need for new office floorspace identified by the 2009 LOPR, the Core Strategy identified Hammersmith town centre and the White City OA as the main areas for the delivery of new office floorspace with any residual need to be delivered at Earl's Court. The policies in the emerging draft Local Plan continue to promote these existing, new and emerging employment clusters to meet the need identified by the updated LOPR, particularly at Hammersmith town centre, but also in the borough's Regeneration Areas, and especially at Old Oak where there is an indicative target of 20,000 jobs over the plan period 2015-2035. These offices will primarily be delivered through a mixed use approach including substantial housing growth. In Hammersmith town centre the recent development of the former Metropolitan Car Park has led to the provision of 33,554m<sup>2</sup> of office floorspace. The council's Borough Profile 2014 outlines in more detail the regeneration initiatives in the borough.

2.14 In addition to policies promoting new employment floorspace, Local Plan policy will ensure that throughout the borough, existing employment floorspace, especially accommodation for small businesses, is retained where appropriate. Inappropriate and under-used sites and premises will be allowed to change use or be developed for mixed use, however this will only be where there is evidence that the property is no longer required for employment purposes. This approach permits both flexibility and economic growth and seeks to retain appropriately located economic activity where there is market demand, for example for small and medium sized businesses – the Borough Profile reveals that between 2011 and 2013, the largest increase in businesses in the borough was seen in those enterprises with between 20 and 49 employees (at +23.5%) and those with between 10 and 19 employees (at +22.4%). The council's policy will allow for redundant sites to be assessed for their continued appropriateness for economic activity and the merits of alternative uses to be considered. The approach, particularly in respect of industrial land, is in accordance with the London Plan which identifies Hammersmith and Fulham as an area where there should be a 'restricted' transfer of industrial land to other uses (with exceptional planned release).

### **3. Recent development activity**

3.1 The council's Annual Monitoring Reports provide information on development trends and activity in the borough. They show that in recent years there have been net increases in the amount of employment floorspace approved, and that in respect of office floorspace, development approved between April 2010 and March 2014 would contribute to 17,909 sq m of additional B1a floorspace in the borough. The council's 2014 AMR will provide further detail on employment issues.

3.2 The table below shows that in 2013/14 there was a net loss of B8 floorspace and a net increase in B1a floorspace in approved schemes and that, overall, B class employment floorspace in the borough experienced a net gain. The 2013/14 net gain in B1a floorspace is mainly due to the approval of a major mixed use development scheme at Earl's Court, whilst the warehouse loss is primarily the result of the proposed change of use of a large premises

in Shepherds Bush Road to offices. The table shows little development activity in the Strategic Industrial Location in the north of the borough and a net loss of office floorspace in town centres. These figures reflect, in part, the flexibility of the operation of the council's development plan policies. However, in respect of office floorspace, since 2013 the figures have also been subject to proposed changes out of class B1(a) that have taken place under permitted development rights in addition to the application of development plan policies. The difference between the gross and net B1a figures reveal the extent of the loss of existing floorspace.

3.3 The council estimates that prior notification approvals have contributed to a potential loss of 12,300 sq m of office floorspace during 2013/14. Map 1 shows the distribution of prior notifications which are clearly coming forward throughout the borough, both in and outside of town centres. The impact of prior notification approvals will continue to be monitored by the council and information published as and when this becomes available. There is anecdotal evidence that permitted development rights are leading to some businesses, particularly small enterprises, experiencing difficulty in finding suitable premises in the borough. Also, a recent report by Frost Meadowcroft stated that "substantial supply is being converted to housing in both H & F and in Chiswick because of the Permitted Development legislation. The supply in Hammersmith and Fulham is at an all-time low with a vacancy rate of 1.9% of all stock. The Royal Borough of Kensington & Chelsea also has a low vacancy rate of 3.6% as does the West End at 4.7%".

3.4 These development trends have led the council to revise existing Core Strategy policy. Within the draft local Plan there are now increased targets for jobs in the regeneration areas, identification of new strategic sites within these areas where employment floorspace will be expected and a clearer identification of the need to meet the accommodation needs of small and medium sized enterprises.

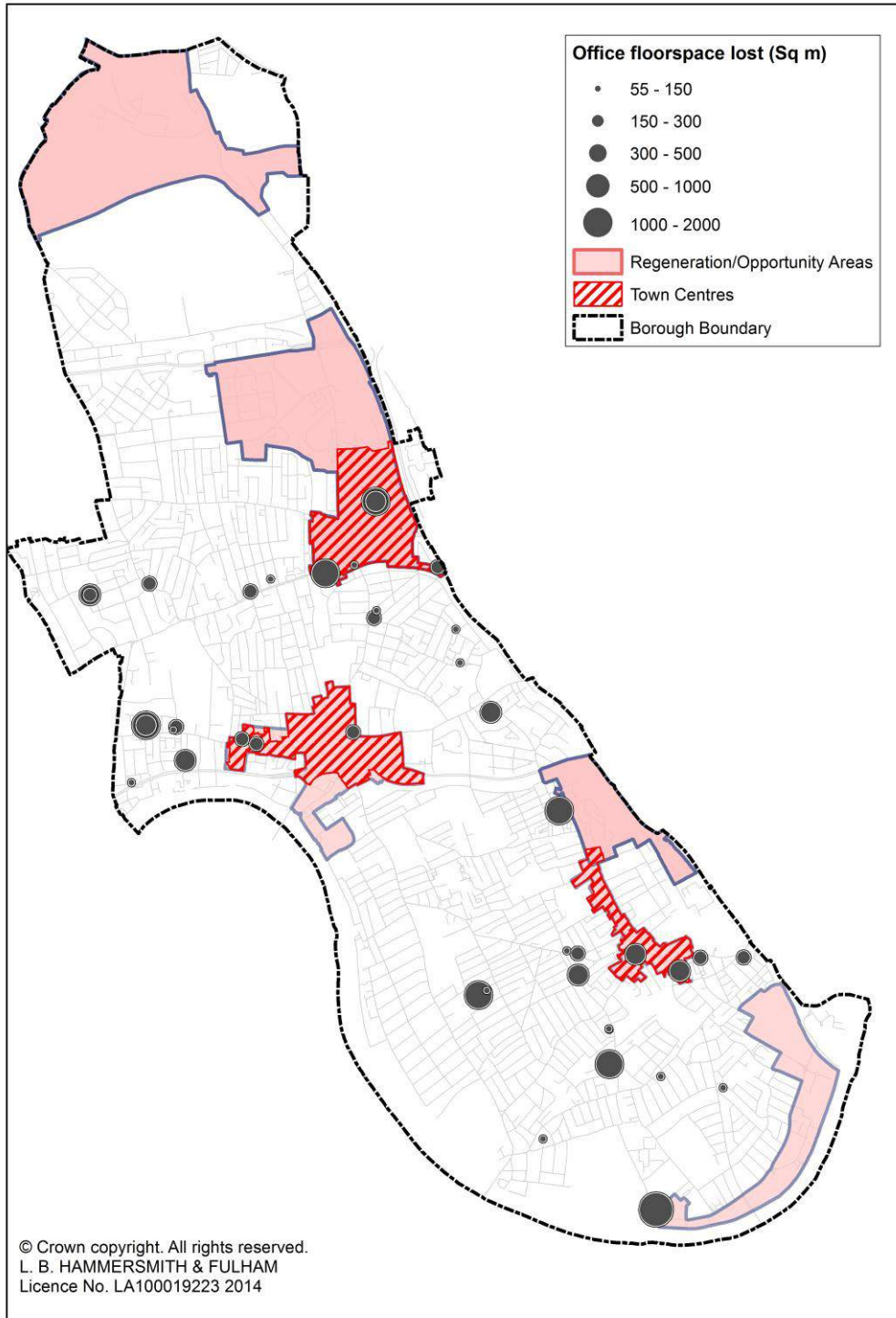
**Table 1: Total amount of net employment floorspace approved by type and planning designations 2013/14**

		B1a	B1b	B2	B8	Total
Total for Town Centres	Gross	1,490	0	0	0	1,490
	Net	-8,344	0	0	0	-8,344
Total for SIL	Gross	0	0	0	0	0
	Net	0	0	-40	0	-40
Total outside of TCs and SIL	Gross	119,309	510	0	186	120,005
	Net	18,147	-1,706	-44	-10,996	5,401
Total Borough	Gross	120,799	510	0	186	121,495
	Net	17,173	-1,706	-84	-10,996	4,386

Source: Hammersmith and Fulham monitoring



# Map 1: Prior notifications approvals in Hammersmith and Fulham, office floorspace lost 2013/14



Source: Hammersmith and Fulham monitoring

### Office pipe line

3.5 Set out in Appendix 1 is a detailed pipeline of developments that will include office floorspace. The pipeline of schemes awaiting, or under, construction is around 193,000 sq m. This figure is mainly due to approval of the Earls Court 2 scheme which is likely to provide 104,800 sq m of B1 floorspace. The figure will contribute to the office need of 320,000 sq m identified in the LOPR 2012 and will be supplemented by future schemes that will come forward throughout the borough, including in the Old Oak Regeneration Area.

**Appendix 1: Office Pipeline in schemes above 1,000 sq.m. in Hammersmith and Fulham as at December 2014** (includes schemes with planning permission either under construction or not started). (Excludes schemes with committee approval but awaiting a SI06 legal agreement).

Address	Approval date	sqm of office (B1)	progress	Comment
Earls Court 2 Exhibition Centre, Lillie Bridge Rail Depot	14.11.2013	104,765	NS	Demolition and alteration of existing buildings and structures and the comprehensive redevelopment of the site including new open space, vehicular and pedestrian accesses and routes and a mixed use development comprising buildings to accommodate residential use (Class C3); office (Class B1); retail (Classes A1- 5); hotel and serviced apartments (Class C1); leisure (Class D2), private hospital (Class C2); Education/Health/Community/Culture (Class D1);
Kings House, 174 Hammersmith Road	21.12.2012	6,450	NS	Redevelopment of the site by the erection of a part seven storey, part four storey building.
Chelsea Creek	27.03.2012	8,896	UC	Hybrid Planning Application (part outline/part detailed) for the mixed use development of the site following demolition of existing office building, comprising 489 residential units (including 147 affordable residential units), 1,190 sq. m of commercial floorspace (Use Class A1-A5), 8,896 sq. m of office floorspace (Use Class B1), within seven buildings ranging from six to eight storeys in height.
Access Self Storage 184 Shepherds Bush Road	01.10.2013	12,689	UC	Erection of three additional floors on the roof of the existing building; Change of use from Class B8 (self-storage) to Class B1 (offices).
Woodlands 80 Wood Lane	21.12.2012	21,583	Completed /UC	Redevelopment of part of Imperial College Campus Woodlands, which comprises the erection of postgraduate student accommodation buildings comprising 606 units, 9 x residential units (Class C3) and 120sqm GEA of Class D1 floorspace plus ancillary facilities, access, parking, cycle storage, ancillary plant, landscaping and public realm.
Westfield Shopping Centre	31.07.2013	1,490	NS	Extension of the existing shopping centre at roof level to comprise additional office floorspace (1490.34 sq.m.) (Class B1), relocation of

				existing plant and addition of new plant and other associated works.
Land north of Westfield	05.09.2014	up to 2,065	NS	Outline Planning Application (all matters reserved) for the comprehensive redevelopment of the site comprising a mixed use scheme to include demolition of existing buildings and associated structures.
Aviva/Dairy Crest	21.11.2014	19,625	NS	Demolition of all existing buildings and structures and outline planning permission for a comprehensive residential led mixed use redevelopment; comprising 11 building plots, with building heights ranging from 8 - 32 storeys (plus basement/podium level); to develop up to a maximum of 1,150 residential units (Class C3); offices and employment uses (Class B1); shops, services, cafes, restaurants, bars and take-aways (Classes A1-A5); health, crèche and multi-purpose community facilities (Class D1); leisure facilities (Class D2);
Riverside Studios And Queens Wharf	22.01.2014	8,633	NS	Demolition of the existing buildings and the redevelopment of the site via a comprehensive proposal comprising the erection of a six to eight storey building with balconies and roof terraces and the provision of 165 residential units (Class C3) and 8,633 sq.m of commercial floor space for television and film recording studios, storage, dressing rooms, offices, theatre, cinema and other facilities ancillary to those uses including cafe, restaurant, bar and other uses for the sale of food and drink.
181 - 187 King Street Town Hall Extension	17.04.2014	4,607	NS	Demolition and partial demolition of existing buildings and redevelopment and refurbishment to provide civic offices, 196 residential dwellings, a cinema, shops, restaurants and bars, within Use Classes B1, C3, D2, A1, A3 and A4.
Goldhawk Industrial Estate	29.06.2011	2,003	UC	Redevelopment of the site comprising four new buildings; a terrace of 3, two-storey mews houses; two terraces comprising 21 town houses of between two and three- storeys; and one four storey building (over basement) comprising 8 Class B1 units (2,003sqm of floorspace).

**Baseline Information**

Communities and Local Government, National Planning Policy framework, March 2012

Mayor of London, The London Plan, Spatial Development Strategy for Greater London, July 2011

LDA, London Industrial Land Baseline, URS, June 2010

Mayor of London, Office Policy Review, 2012

Mayor of London, Land for Industry and Transport , September 2012

Hammersmith and Fulham, Core Strategy , October 2011

Hammersmith and Fulham, Background Paper: Employment Land Assessment – updating statement, September, 2010

Hammersmith and Fulham, Annual Monitoring Reports, December 2008/9/10/11/12/13

Hammersmith and Fulham, Earls Court and West Kensington Joint SPD, March 2012 (prepared jointly with RBK&C)

Hammersmith and Fulham : Self-assessment for the Development Management DPD, June 2012

Hammersmith and Fuham Local Economic Assessment 2013

Hammersmith and Fulham Borough Profile 2014