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## **Matter 5**

Economic Development

Ealing Local Plan

Statement prepared by  
Quod on behalf of  
Berkeley Homes  
(Southall) Limited

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15<sup>TH</sup> MAY 2025

## Matter 5: Economic Development

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- 1.1 On behalf of Berkeley Homes (Southall) Limited ('Berkeley'), Quod submits a hearing statement in respect of Matter 5: Economic Development. Our hearing statement responds to the EX16 Matters, Issues and Questions (MIQs) issued by the Inspectors on 8<sup>th</sup> April 2025.
- 1.2 This submission is cognisant of EX2 Initial Questions, dated 20<sup>th</sup> December 2024, relating to employment and economy, and the Council's response to questions within IQ3 and IQ1318 (EX9).
- 1.3 Berkeley is the applicant for The Green Quarter, one of the borough's largest regeneration mixed use housing schemes comprising c.8,100 homes and c.17,400 sqm of commercial and community floorspace and extensive areas open space and public realm across the whole site (Phase 1-9). Our client received a resolution to grant planning permission for a revised masterplan (Phase 4-9) in November 2024 and is looking to engross the s.106 legal agreement. The Green Quarter is subject to emerging site allocation - 11SO.
- 1.4 Our client submitted representations at Regulation 18 and 19 stage of the review and continues to be engaged at Regulation 22 stage (the 'Plan').
- 1.5 Our client has not been asked to enter into a statement of common ground.

### **Matter 5 - Issue – Whether the Plan is justified, effective and consistent with national policy and in general conformity with the London Plan in relation to economic development.**

- 1.6 We do not consider that the Plan has been shaped by early, proportionate or effective engagement<sup>1</sup> and cannot therefore be considered sound<sup>2</sup>, as it is not effective nor justified.

### **M5 Q1 – What is the identified need in terms of economic development and does the Plan provide a robust approach to identifying and bringing forward development to meet identified need.**

- 1.7 We raised concern previously with Regulation 19 – Figure SS1 'Key considerations in developing the Spatial Strategy' which referred to place interventions across the borough. All town centres are identified for generally significant "levels of development", other than Southall which is identified for "moderate levels of employment led development".
- 1.8 We consider this to be inconsistent with the approach being taken at The Green Quarter (11SO), part of the town centre, and Southall as a whole, where 'significant' levels of mixed use development are being promoted in reflection of the Opportunity Area designation and substantial investment following the Elizabeth Line.

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<sup>1</sup> Framework (2023), paragraph 16(c)

<sup>2</sup> Framework (2023), paragraph 35

- 1.9 Ealing Council responded to state that the ‘moderate’ level of growth was informed by the evidence base and consultation, which informed a ‘reasonable alternative’ that has led the spatial approach to only apply ‘moderate’ growth to Southall. This isn’t sound in our opinion and seems an inconsistent approach.
- 1.10 ‘Significant’ levels of development have been identified in other areas of the Borough, which have not benefited from comparable levels of capital investment, nor are they designated as Opportunity Areas where the London Plan expects the greatest volume of development to be directed in meeting London’s housing and economic needs.
- 1.11 The Southall Opportunity Area, the only Opportunity Area in Ealing, is expected to deliver 9,000 homes and 3,000 new jobs in accordance with the London Plan (2021). Since adoption of the Southall Opportunity Area in 2011 only 875 homes<sup>3</sup> have been completed across the Opportunity Area, therefore significant housing development is expected alongside employment provision.
- 1.12 On this basis, we do not consider that the proposed allocation of ‘moderate’ growth in Southall is robust, and sound.

**M5 Q6 (g) – In terms of the local variation to Policy E3 of the London Plan are the requirements sufficiently flexible and appropriate to the diverse range of circumstances where they might apply?**

- 1.13 Quod recommended several changes to the draft wording of Policy E3 in respect of Affordable Workspace because it is considered unsound. The ‘levy’ applied is considered onerous, not justified, and not supported by evidence.
- 1.14 Before we consider this issue further, we draw the Inspector’s attention to the Brent Local Plan examination where a similar policy was considered and rejected by the Local Plan Inspectors.
- 1.15 Brent Council proposed a similar policy which sought affordable workspace as a percentage of gross development area. The Inspector concluded that the supporting evidence base had not robustly considered the implications of the policy on mixed use schemes, which if adopted, would have an adverse impact on viability. The policy wording was therefore modified to include only major development that provide 3000sqm of employment floorspace specifically.
- 1.16 We enclose the relevant extracts from the Inspector’s report below.

*134. London Plan Policy E3 states that Boroughs, through their development plans, should consider detailed affordable workspace policies in light of local evidence of need and viability. This is addressed through Policy BE1 which seeks to provide economic growth and employment opportunities for all. The policy seeks to secure a minimum of 10% of the total floorspace within major developments exceeding 3000sqm to be allocated for affordable*

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<sup>3</sup> <https://www.london.gov.uk/programmes-strategies/planning/implementing-london-plan/londons-opportunity-areas/oa-locations/southall-opportunity-area>

workspace. As drafted, the policy would be applicable to all floorspace over the 3000sqm threshold.

135. The Council have outlined how this approach has been tested through research and viability testing. However, the evidence supporting the Regulation 19 consultation only focused on employment floorspace not any form of floorspace which is how the policy, without modification, would be applied. The viability updates<sup>43</sup> considered the application of this 10% on all floorspace as envisaged by Policy BE1 as drafted. The results indicated that this policy requirement would have an adverse impact on viability, to the extent that the deliverability of the policy requirement would be questionable. Whilst we acknowledge that the locations stipulated by Policy BE1 would in the round focus on industrial or low value areas, the viability evidence confirmed that the application of the 10% threshold to all floorspace would not be viable in a majority of cases.

136. Accordingly, in view of the above considerations, we recommend MM107 which would ensure that the 10% affordable workspace applies to the developments involving 3000sqm of employment floorspace only. The modification also introduces a degree of flexibility to this requirement allowing for, in exceptional circumstances, off site provision or a financial contribution in lieu of on-site provision. This wording presents a balanced and proportionate approach in relation to this issue. The policy wording is also updated by the modification to provide greater clarity in relation to the changes to the UCO and also moves a requirement for the floorspace to be protected by condition/legal agreement from the reasoned justification which is necessary in order to ensure the policy to be effective<sup>4</sup>.

- 1.17 We consider that similar issue arise here, which seeks to levy affordable workspace on 10% of gross floorspace for mixed-use schemes. The viability implications on this have not been robustly tested, and the wording should therefore be aligned to reflect our previous representation, set out below:

### **Policy E3: Affordable Workspace London Plan – Ealing LPA – local variation**

*F. Affordable workspace in Ealing will be sought, where appropriate from ~~provided on the basis of a levy on development of 10% of gross floor area in mixed use schemes, and 5% of net floorspace in office and industrial schemes. Where that levy would result in affordable provision of at least 1000sqm of mixed-use space, 2000sqm of office space, or 3000sqm of industrial space, then~~ Affordable workspace provision should be onsite where feasible and where it can be demonstrated that it is not possible to provide it onsite. ~~Where the total space provided by development is less than these thresholds~~ then provision should be by means of offsite contributions.*

*G. Where affordable workspace is to be provided onsite then development should be supported by a business plan that demonstrates the viability and suitability of the space for its intended occupants, the optimisation of the site for this use and of the development overall, and appropriate management of the space for the duration of its use as affordable space.*

*H. Affordable workspace will be provided at appropriate and agreed ~~80%~~ discounts ~~for a period of 15 years~~. Where an offsite contribution is calculated it should be on the basis of the*

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<sup>4</sup> Brent Council, Local Plan Review by C Masters MA (Hons) MRTPI and Andrew McCormack BSc (Hons) MRTPI, 17 January 2022

level of provision ~~(5% or 10% of total development size)~~ multiplied by the value of the discount agreed ~~an 80% reduction in rent for 15 years.~~

- 1.18 No specific response was provided by Ealing to this consultation, and amendments in accordance with the Quod's recommendations have not been progressed.
- 1.19 The unintended consequence of the policy at The Green Quarter would be that 10% of the total gross floor area (593,690sqm) for Phase 4-9 would generate a policy requirement of 59,369sqm of affordable workspace. This is 7.5x more than the actual agreed level of commercial floorspace in the scheme (of 8,000sqm). It would displace housing, open space, and render the scheme unviable and undeliverable. It is not a credible proposition.
- 1.20 Indeed, the Council has agreed as part of the draft s.106 agreement for the current application that only 10% of the gross internal area of the commercial floorspace proposed i.e. 800sqm should be affordable workspace (as per our R19 representation above).
- 1.21 We raise fundamental concerns in respect of the whole plan viability assessment (EB120) dated December 2023 (fundamental economic changes have happened since then), specifically in respect of Policy E3, the absence of justification for the 80% discount rate, concerns over the validity of the applied land values and building costs, and the absence of any consideration of the building safety levy (£33.24/sqm for Ealing on PDL).
- 1.22 We further note that the whole plan viability assessment (EB120) affordable workspace requirement assessment (Table 6.5.1 to 6.5.8) has only tested six typologies, none of which are mixed use. They comprise a 100% housing scheme (70 units) (Site 13); a 100% office (Site 24, 25); a 100% light industrial (Site 28); and a 100% industrial (Site 29 & 30).
- 1.23 We also note that EB52 (Affordable Workspace Study) identifies that development proposals for schemes that propose industrial workspace, which in turn could potentially support affordable workspace, must achieve rents of £26sqft to remain viable. This increases to £36sqft for office space<sup>5</sup> across Ealing (and OPDC).
- 1.24 The whole plan viability assessment (EB120) identifies at Appendix 3 average rents across the Borough. As shown in Figure 1, the average commercial rent across the Borough for both Industrial and Office sits beneath the threshold identifies as viable to support affordable workspace.

Figure 1 Local Plan Viability Assessment (EB120) (Appendix 3)

	Average Industrial Rent (£sqft)	Average Office Rent (£sqft)
Ealing/Hanwell/Acton	£19.11	£29.31
Greenford/Northolt	£16.64	£21.66
Southall	£12.69	£31.45

- 1.25 EB54 (Southall Employment Audit) identifies that rent levels across the International Trading LSIS which provides 122,000sqm of employment floorspace and 1,215 jobs are only around

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<sup>5</sup> Affordable Workspace Study - Table 11 (July 2022)

£12sqft<sup>6</sup>. This rate is significantly lower than the values cited as viable, identifying a disparity which is not accounted for in the Local Plan.

- 1.26 For mixed-use schemes that include residential uses, the viability threshold that can support affordable workspace is defined at £750sqft (EB52 - Affordable Workspace Study). Of the two precedent schemes identified (Acton Gardens and Dickens Yard) in the document, we note a range of average values between £690-£770sqft were achieved for Acton Gardens. The lower range therefore sits beneath the viable level.
- 1.27 Finally, it is unclear whether the viable thresholds presented in the Affordable Workspace Study (EB52) have accounted for the draft CIL Charging Schedule (October 2024) and the charge of £40sqm (£3.73sqft) proposed for all new industrial floorspace.
- 1.28 If viability is not appropriately assessed at plan making stage, it cannot robustly inform the policies which it is reliant on, undermining the overall deliverability of the plan. For this reason, the Plan cannot be considered to be 'effective' or 'justified' in accordance with NPPF paragraph 35(b) and (c) and is also not conducive to a business environment that encourages investment, expansion and adaption.

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<sup>6</sup> Southall Employment Audit (June 2022), Page 27