

20 January 2016

Unit 1, Cantium Retail Park, 520 Old Kent Road

in the London Borough of Southwark

planning application no. 15/AP/4236

Strategic planning application stage 1 referral

Town & Country Planning Act 1990 (as amended); Greater London Authority Acts 1999 and 2007; Town & Country Planning (Mayor of London) Order 2008.

The proposal

Reconfiguration of existing floorspace to create four new retail units; creation of an additional 2,833 sq. m of retail floorspace at mezzanine level, a variation of condition to allow the sale of food and drink from Unit 1B and associated works.

The applicant

The applicant is **Aviva Investors** and the agent is **Savills (UK) Limited**.

Strategic issues

The key strategic issues in this case are **opportunity areas, retail/town centres** and **transport**. The Old Kent Road Opportunity Area is one of the few remaining major central London development sites and it is vitally important that the opportunity to unlock the development potential of this area, including the opportunity presented by the proposed extension of the Bakerloo Line, is not lost through piecemeal and ad hoc development.

Recommendation

That Southwark be advised that the application does not comply with the London Plan, for the reasons set out in paragraph 49 of this report. The application does not need to be referred back to the Mayor if the Council resolves to refuse permission, but it must be referred back if the Council resolves to grant permission.

Context

1 On 16 December 2015 the Mayor of London received documents from Southwark Council notifying him of a planning application of potential strategic importance to develop the above site for the above uses. Under the provisions of The Town & Country Planning (Mayor of London) Order 2008 the Mayor has until 26 January 2016 to provide the Council with a statement setting out whether he considers that the application complies with the London Plan, and his reasons for taking that view. The Mayor may also provide other comments. This report sets out information for the Mayor's use in deciding what decision to make.

2 The application is referable under Category 3E of the Schedule to the Order 2008:

Category 3E 1. Development —

(a) which does not accord with one or more provisions of the development plan in force in the area in which the application site is situated; and

(b) comprises or includes the provision of more than 2,500 square metres of floorspace for a use falling within any of the following classes in the Use Classes Order —

i) class A1 (retail);

3 Once Southwark Council has resolved to determine the application, it is required to refer it back to the Mayor for his decision as to whether to direct refusal; or allow the Council to determine it itself.

4 The Mayor of London's statement on this case will be made available on the GLA website www.london.gov.uk.

Site description

5 The site is currently occupied as a B&Q DIY store, with car park, and is located off Old Kent Road. The site is within the Old Kent Road Opportunity Area, identified within the London Plan for 1,000 jobs and a minimum of 2,500 homes over the plan period.

6 The site is bound by Old Kent Road (A2) to the north, retail units (Topps Tiles) and light industrial units to the east, retail units to the west (Halford/Pets at Home/ASDA) and light industrial to the south. The area is generally characterised by large retail and light industrial uses with some Class D1 uses, notably places of worship.

7 The nearest part of the Transport for London Road Network (TLRN) is the A2 Old Kent Road, although the site lies away from the main carriageway. The Site records a public transport accessibility level (PTAL) of 3 and 4, on a scale of 1 to 6b, where 6b is the highest.

Details of the proposal

8 The proposal seeks to reconfigure the existing large retail unit, to create four new retail units. This includes physical works to create additional mezzanine floorspace within the units of 2,833 sq.m, as well as external changes including re-cladding of elevations and new entrances. The proposal also seeks to vary a condition from the original 1991 planning permission which sought to restrict any retail sale of food and drink from the premises.

Case history

9 There is no strategic planning history for the site.

Strategic planning issues and relevant policies and guidance

10 The relevant issues and corresponding policies are as follows:

- | | |
|-----------------------|---|
| • Retail/Town Centres | <i>London Plan; Town Centres SPG</i> |
| • Opportunity Areas | <i>London Plan</i> |
| • Climate Change | <i>London Plan; Sustainable Design and Construction SPG; Mayor's Climate Change Adaptation Strategy; Mayor's Climate Change Mitigation and Energy Strategy; Mayor's Water Strategy,</i> |

- Transport *London Plan; the Mayor's Transport Strategy,*
- Crossrail *London Plan; Mayoral Community Infrastructure Levy.*

11 For the purposes of Section 38(6) of the Planning and Compulsory Purchase Act 2004, the development plan in force for the area is the 2011 Southwark Core Strategy, the 'saved' Policies of the 2007 Unitary Development Plan and the London Plan (Consolidated with Alterations since 2011).

12 The following are also relevant material considerations:

- The National Planning Policy Framework, Technical Guide to the National Planning Policy Framework and National Planning Practice Guidance.
- Minor Alterations to the London Plan: Housing Standards and Parking Standards (Draft 2015)
- Draft New Southwark Plan.

Principle of development

14 The site is currently occupied as retail (Class A1) and utilised as a B&Q DIY Store. The site is not within a recognised Town Centre identified in Table A2.1, Annex 2 of the London Plan. Built in the 1990's, GLA officers consider the site to be out-of-centre retailing as described in paragraph 4.45 of the London Plan of the type which compromise the strong 'town centres first' policy which is essential to London's development as a sustainable, liveable city as well as exacerbating road traffic congestion and undermining social inclusion for those Londoners who do not have access to a car. Boroughs are encouraged in their LDFs to manage existing out of centre retail in line with the sequential approach seeking to reduce car dependency and promote sustainability. Proposals for the extension to edge or out of centre development are subject to an assessment of its impact as set out in policy 4.7. With this in mind the applicant has submitted a sequential test and an impact assessment which is considered in more detail later in the report.

Opportunity Area

15 Notwithstanding London Plan retail policy the site is also located within the Old Kent Road Opportunity Area as designated on London Plan Map 2.4 and Annex 1. London Plan Policy 2.13 states that development in Opportunity Areas is expected to maximise residential and non-residential densities and to contain a mix of uses. The Old Kent Road is one of the few remaining and large central London regeneration sites and its potential is clearly identified in the London Plan. The Old Kent Road Opportunity Area is designated for a minimum 1,000 new jobs and 2,500 new homes over the London Plan period to 2035. Initial work on the AAP/OAPF indicates that the actual development capacity of the OA will be found to be significantly larger, in the region of 18,000 new homes, particularly given that the preferred route for the Bakerloo Line Extension is the Old Kent Road alignment with two new stations proposed along its length. This site is being considered as part of the current OAPF/AAP process by the Council and GLA/TfL and is likely to have a significant residential/mixed use development capacity that could make a major contribution to London's ability to accommodate its own growth in accessible and sustainable locations.

16 GLA Officers consider a number of the large legacy retail sites along Old Kent Road present opportunities for redevelopment and intensification to help meet the aspirations of the Old Kent Road Opportunity Area over the London Plan period. This proposal does not support the strategic policy direction for the opportunity area, irrespective of the retail impact

assessment that is considered below. The applicant is therefore urged to consider an alternative approach to developing the site and it is understood that initial discussions between Southwark and the developer have taken place to resolve this issue. The GLA would strongly encourage the developer to work with Southwark and the GLA/TfL to ensure that the full potential of this site is exploited.

Retail

17 Whilst the scheme is not considered to meet London Plan policy London Plan policy in respect of the aspirations for the Old Kent Road officers have reviewed the information provided in respect of the retail extensions. Policy 2.15 (Town Centres), policy 4.7 (retail & town centres) and policy 4.8 (supporting a successful & diverse retail sector), provide the strategic retail policy context in which the applicant's proposals are considered.

18 The proposals as stated in the applicant's Retail Planning Statement involve the intensification of an out of centre retail development. It should therefore be assessed in context of the impacts of the additional floorspace (2,833 sq.m) on the major and district retail centres. Such an assessment would bring forward policy issues raised in both the NPPF and London Plan in relation to:

- The need for a sequential test.
- Impact on the vitality and viability of centres in the London Plan hierarchy.
- Impact on proposed investment in existing centres.

Sequential test

19 London Plan policy, in line with the NPPF, places a requirement that retail development should be subject to a sequential test with policy 4.7 stating:

“(b) Retail, commercial, culture and leisure development should be focused on sites within town centres, or if no in-centre sites are available, on sites on the edges of centres that are, or can be, well integrated with the existing centre and public transport.”

20 The applicant has completed a sequential assessment and considers Peckham as the only defined centre in close proximity to the application site that is considered to be of a suitable scale, role or function to accommodate the proposed development and meet the same market and locational requirements.

21 GLA officers would draw attention to Table A2.1 of Annex 2 of the London Plan which identifies several centres of varying scale within the site:

Centre	Classification	Policy Direction	Notes
Peckham	Major	Medium Growth	Identified as in need of Regeneration
Dulwich – Lordship Lane	District	Medium Growth	
Elephant & Castle	District	High Growth	Identified as in need of Regeneration
Canada Water	District	High Growth	Identified as in need of Regeneration
Walworth Road	District	Medium Growth	Identified as in need of Regeneration
Camberwell	District	Medium Growth	Identified as in need of Regeneration

22 Given the strategic objectives of regenerating five of the six adjoining town centres, and the stated aim in Table A2.2 of seeking to upgrade Elephant & Castle/Walworth Road and Canada Water to Major Town Centres over the London plan period, it is not clear from the submitted material as to why the applicant has discounted Elephant & Castle/Walworth Road and Canada Water from the sequential assessment.

23 GLA officers consider that the sequential assessment should be extended to include Elephant & Castle/Walworth Road and Canada Water.

Assessment of impact on Town Centres

24 The London Plan, in coordination with the NPPF, requires an assessment of impact and states under policy 4.7 “(c) *proposals for new, or extensions to existing, edge or out of centre development will be subject to an assessment of impact.*”

25 The assessment of impact is required to have particular focus on the impact of new proposed floorspace on the vitality and viability of retail centres in the London Plan town centre classification and smaller neighbourhood centres. A further requirement is an assessment of the impact on proposed investment within the town centre classification.

26 The applicant has undertaken their sequential test on the basis of an analysis of all sites that have the ability to provide between 4,000 sq.m and 6,500 sq.m (GIA) of Class A1 retail floorspace at ground floor level and accommodate a mezzanine level. The proposal is for the subdivision and provision of four retail units of between 1,500 sq.m and 2,200 sq.m (GIA) of Class A1 floorspace, GLA officers consider sites that have the ability to provide 1,500sq.m to 2,200 sq.m (GIA) should be analysed if the sequential test is to be sufficiently robust enough to test the impact upon the adjoining town centres.

- Vitality and viability

27 The applicant has presented evidence to suggest that the comparison goods impact of the proposed development on existing retail locations in Southwark would not be significant at 0.97% for Peckham, 0.63% for Elephant & Castle and 0.46% for Canada Water.

28 Whilst the retail modelling establishes the impact in monetary and percentage terms there is a lack of analysis in relation to how these figures impact on the health of existing centres due to the lack of information on vacancy rate and rental growth trends. This would enable understanding as to whether the proposed additional floorspace and sub-division into four separate retailers would result in a loss of market share that impacted on rental levels making developments less viable, dilute retailer demand or redirect retailer interest, all of which underpin investment into the adjoining town centres.

29 It is GLA officer opinion that the impacts on these centres require further analysis and consideration.

- Impact on investment

30 The applicant states there is no committed or planned, retail led investment in Peckham town centre that the proposed development could have a significant adverse impact on. However reference is made in Paragraph 6.15 of the applicant's statement to the Peckham and Nunhead Area Action Plan (PNAAP) and potential refurbishment and redevelopment of the Aylesham Centre. GLA officers are also aware of potential investment in the Elephant & Castle Shopping Centre and Butterfly Walk Shopping Centre in Camberwell.

31 It is GLA officers view that the impact on investment in existing in centres be thoroughly reviewed by Southwark Council.

Conclusion

32 The applicant is requested to extend the sequential assessment to include Elephant & Castle/Walworth Road and Canada Water and analyse sites which have the ability to provide the size and type of smaller retail units which are being proposed. Additional trend data on the retail health of existing centres in relation to vacancy rates and rental growth should be provided; this additional data should be further analysed in the impact assessment, notably in relation to impact upon rental levels, potential dilution of retailer demand for vacant units or redirecting retailer interest, all factors which underpin investment in these town centres. Southwark Council are requested to consider the impact on centre investment within the Borough.

Climate Change

Energy

33 The applicant has submitted an energy addendum to the Design & Access Statement; this has been assessed against the energy hierarchy of Policy 5.2 of the London Plan. In relation to the 'Be Lean' stage, a range of passive design features and demand reduction measures are proposed to reduce the carbon emissions of the proposed development. Both air permeability and heat loss parameters will be improved beyond the minimum backstop values required by building regulations. These reductions should be quantified and associated regulated CO₂ emissions tabulated and the applicant should commit to the development exceeding 2013 Building Regulations compliance through energy efficiency alone.

34 In relation to the 'Be Clean' stage, the applicant has found there are no existing or planned district heating networks within the vicinity of the proposed development. The applicant is proposing to provide space heating using air source heat pumps.

35 The applicant has not investigated the feasibility of Combined Heat and Power (CHP). However, due to the intermittent nature of the heat load, CHP is not proposed. This is accepted in this instance.

36 In relation to the final 'Be Green' stage of the hierarchy, the applicant is proposing to install air-source heat pumps (variable refrigerant flow). The applicant should provide information regarding the performance of these units. The requirement to provide this information and details of what is required is set out in Appendix 3 of 'Energy Planning - Greater London Authority guidance on preparing energy assessments (April 2015).

37 The applicant should provide a completed summary table as set out in Table 2 of the 'Energy Planning - Greater London Authority guidance on preparing energy assessments (April 2015)' to illustrate the reduction in CO₂ per year in regulated emissions compared to a 2013 Building Regulations compliant development is expected to enable an assessment against the targets within London Plan Policy 5.2.

Water

38 The Flood Risk Assessment prepared by Savills confirms that the site is located within Flood Zone 3 and benefits from existing flood defences. Environment Agency mapping suggests that parts of the site are at risk of surface water flooding, and parts of the local area are at high risk of significant surface water flooding. No mitigation measures are proposed within the FRA. This fails to consider opportunities to retrofit flood resilience measures, such as the use of durable materials that promote easy draining and drying.

39 No drainage strategy has been submitted with the application. London Plan Policy 5:13 (sustainable drainage) requires new development to aim for a greenfield run-off rate. The draft London Sustainable Drainage Action Plan promotes opportunities for sustainable drainage retrofits when other building maintenance, upgrade and improvement works are planned. Prior to any Stage 2 Referral the applicant should provide a drainage strategy/statement.

40 Given the nature and location of the site, there may be limited opportunities but techniques which may be viable and should be considered by the applicant for the rearranged car park include landscaping designed to maximise rainwater storage/absorption and permeable paving.

Transport

41 TfL has determined that an extension to Lewisham via Old Kent Road and New Cross gate is the preferred route for a Bakerloo Line extension. The extension forms a key part of the Mayor's Transport Strategy. The proposed extension route through the Opportunity Area has been selected on the basis of the potential for thousands of new homes to be delivered, which could utilise the new high capacity strategic transport link the extension could provide. TfL would encourage the applicant to review their approach to the development of this site in light of the Old Kent Road's designation as an Opportunity Area and the proposed transport improvements being planned.

42 The site of the proposed development is on the A2 Old Kent Road, which forms part of the Transport for London Road Network (TLRN). TfL have written to Southwark to advise that the development proposal will not result in additional parking and only a slight net increase in car trips, as such they consider the additional traffic impacts on TRLN and the bus network to be acceptable.

43 Paragraph 4.46 of the London Plan highlights explicit concerns with the heavy car dependence of legacy out-of-town retail of this type. GLA officers consider cycle parking should be secured for the additional retail floorspace proposed, in line with Table 6.3 of the London Plan. Utilising the figures within the Transport Statement, this would produce a requirement for 15 long-stay cycle spaces and 32 short-stay cycle spaces.

Proposed Unit	Proposed Use	Additional floorspace created sq.m	Long-stay spaces required	Short-stay spaces required
1A	A1 Non Food Retail	706	3	6
1B	A1 Food Retail	372	3	10
1C	A1 Non Food Retail	832	4	7
1D	A1 Non Food Retail	1,090	5	9

Community Infrastructure Levy

44 In accordance with London Plan Policy 8.3 the Mayoral Community Infrastructure Levy (CIL) came into effect on 1 April 2012. All new developments that create 100 sq.m. or more additional floorspace are liable to pay the Mayoral CIL. The levy is charged at £35 per square metre of additional floorspace in the London Borough of Southwark.

Local planning authority's position

46 The local authority's position is not yet known.

Legal considerations

47 Under the arrangements set out in Article 4 of the Town and Country Planning (Mayor of London) Order 2008 the Mayor is required to provide the local planning authority with a statement setting out whether he considers that the application complies with the London Plan, and his reasons for taking that view. Unless notified otherwise by the Mayor, the Council must consult the Mayor again under Article 5 of the Order if it subsequently resolves to make a draft decision on the application, in order that the Mayor may decide whether to allow the draft decision to proceed unchanged or direct the Council under Article 6 of the Order to refuse the application. There is no obligation at this present stage for the Mayor to indicate his intentions regarding a possible direction, and no such decision should be inferred from the Mayor's statement and comments

Financial considerations

48 There are no financial considerations at this stage.

Conclusion

49 London Plan Policies on retail/town centres, opportunity areas, climate change and transport are relevant to this application. The application is not considered to comply with the London Plan for the following reasons:

- **Principle of development:** The site is within the Old Kent Road Opportunity Area. Whilst an OAPF is in production, GLA officers do not consider the proposal to support the strategic policy direction for the opportunity area, in line with Policy 2.13 (Opportunity Areas and Intensification Areas). The applicant is asked to reconsider its approach to the site's development potential.
- **Retail:** GLA officers are concerned upon the potential impact on neighbouring town centres. The sequential assessment should be extended to include Elephant & Castle/Walworth Road and Canada Water and look at the smaller retail units which are being proposed in the application. The retail health of the existing centres should be examined further including vacancy rates and rental growth and this data should be analysed. Southwark are advised to consider potential impact on retail investment within the adjoining town centres, notably Peckham, Elephant & Castle and Camberwell.
- **Climate Change:** Further information should be provided to enable an assessment of proposed carbon emission reductions against the targets in London Plan Policy 5.2. The applicant should provide further information on drainage and flood resilient design.
- **Transport:** While TfL has no concerns in relation to the impact of the proposed development on the strategic road network, TfL is currently proposing a new high capacity strategic transport link to serve the Old Kent Road Opportunity Area and do not consider that the development proposals reflect the area's designation and proposed transport improvements. TfL and GLA officers consider the development should seek to encourage modal shift for customers and workers with the provision of cycle parking to London Plan standards, in line with the uplift in retail floorspace. TfL is concerned that the site's development could undermine their business case for the Bakerloo Line Development a key part of the Mayor's Transport Strategy and a high priority for TfL.

for further information, contact GLA Planning Unit (Development & Projects Team):

Colin Wilson, Senior Manager – Development & Projects

020 7983 4783 email colin.wilson@london.gov.uk

Justin Carr, Strategic Planning Manager (Development Decisions)

020 7983 4895 email justin.carr@london.gov.uk

Jon Sheldon, Senior Strategic Planner (Case Officer)

020 7983 5852 email jon.sheldon@london.gov.uk
