

# OLD KENT ROAD BUSINESS CONSULTATION REPORT

## Context

Old Kent Road is designated as an Opportunity Area in the London Plan to deliver a significant number of new homes and jobs. Southwark Council is preparing an Area Action Plan to guide and manage future development, including the potential for an extension to the Bakerloo Line.

As part of the evidence base for the Area Action Plan, the Council is undertaking a review of employment land throughout the borough, and producing a strategy for employment land in the Old Kent Road Opportunity Area.

The strategy will review potential sources of future growth in jobs and make recommendations on land use in the preferred industrial locations.

## The consultation process

Consultation was undertaken with businesses in the Old Kent Road opportunity area. The purpose of the process was to engage local businesses in the development of the Employment Land Strategy. The aims of the process were to:

- Inform local businesses about the Area Action Plan and likely future changes in the area
- Gain an understanding of how local businesses perceive the area, and the benefits and disbenefits it has for business
- Understand what businesses need, in particular in relation to a likely future intensification of residential use.

The consultation process and the strategy were promoted by Southwark Council through their [website](#), by direct written and email invitations and through twitter.

Two consultation events were held October 2015, and these were followed up with short phone interviews with businesses in targeted areas in November 2015. This work was delivered by CAG Consultants, working on behalf of the Council.

The two business consultation workshops were held on 12<sup>th</sup> and 13<sup>th</sup> October, one evening and one early morning. The council invited 500 businesses to attend these, sending out invitations by post and, where possible, by email. The consultants then followed up the 50 largest organisations by phone to encourage attendance. A total of 16 organisations were represented at the workshops.

After the workshops, the consultants followed up businesses which had expressed an interest but not been able to attend. They also followed up businesses in areas which were not represented by workshop attendees. A total of 30 organisations were contacted by phone and 14 took part in interviews exploring the same issues as were discussed at the workshops.

As a result of this engagement process, 30 organisations gave their views. The organisations covered a range of sectors including industrial/logistics, services, wholesale and retail, storage, arts and creativity, and housing and community. Their indicative locations are shown in the map overleaf.

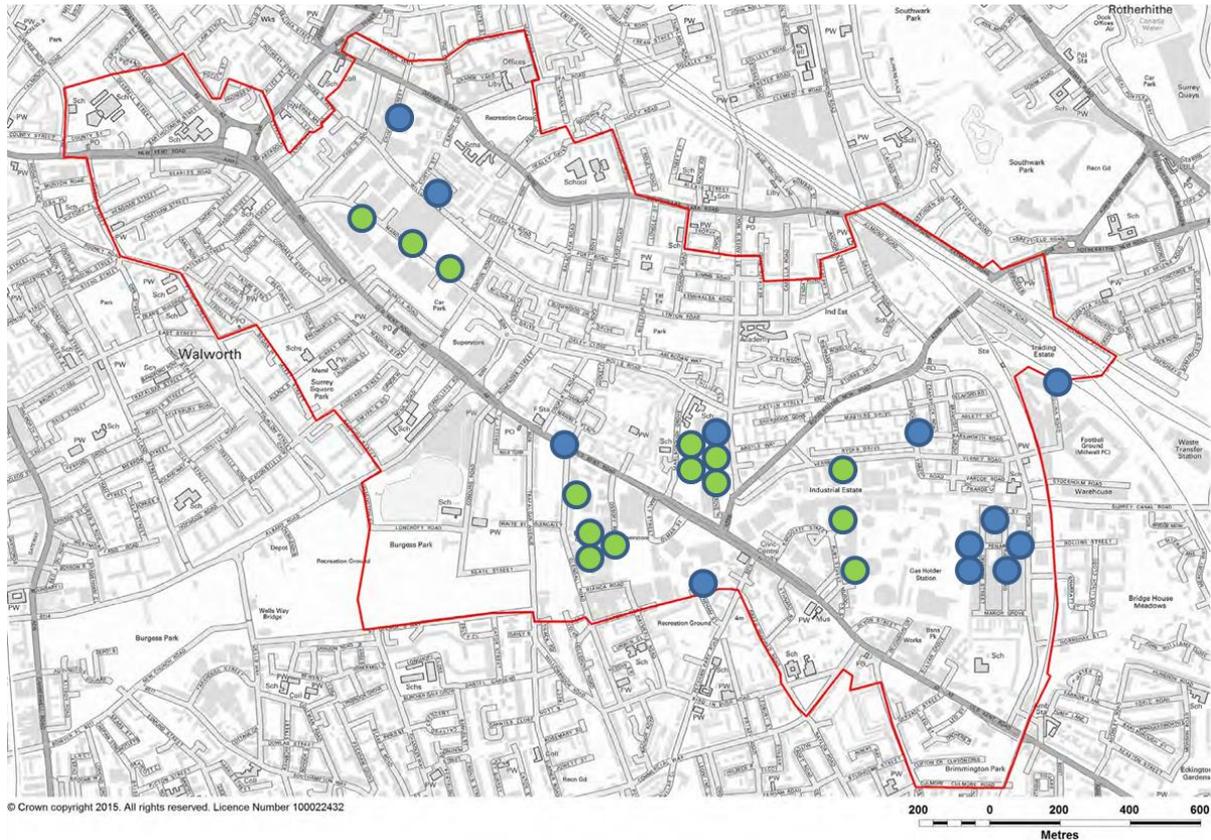


Figure 1 Indicative location of businesses consulted

Workshop attendees (not all shown) ● Phone interviewees ●

## Summary of responses

Both the workshops and the phone interviews discussed the following questions:

- What are your current perceptions of the OKR as a business area?
- What do businesses need to thrive in the area?
- How can businesses survive in proximity to residential development?
- What help do businesses need?

There was a general consensus amongst participants that the Old Kent Road operates well at the moment as a business area. It offers a unique reservoir of activity for London, and has businesses that are there for a reason. It's the closest industrial land to central London, and generally has good transport links. Downsides mentioned were traffic congestion, parking issues, the general amenity of the area, lack of fibre optic broadband, and crime and safety.

Redevelopment would be welcome in part. However, there are already pressures as organisations are being priced out, or wishing to expand but not able to. Those who are renting are the most vulnerable to being priced out, while those who own their own sites, and/or are located on self-contained industrial estates are the most sanguine about future residential growth. For some, particularly retail outlets, residential growth is seen as a business opportunity providing more customers and local staff, as well as the potential of public realm improvements which would benefit public facing businesses.

More detail on the points raised is given in the appendix below.

## Issues for consideration in the strategy

The events and interviews raised a number of issues and suggested ideas, which are relevant to the strategy. These are summarised below:

- What types of industrial activity can be accommodated in mixed use developments? Most types of activity can be, provided they are well planned – but the key constraints are noise and deliveries involving large trucks. Traffic management and appropriate parking provision will be key to any integration.
- There are some underutilised sites within the area where there is potential for intensification e.g. the retail warehouses. Some of these sites could be developed for industry?
- Security of tenure is an issue. Should affordable businesses be supported through S106 agreements?
- Many of the OKR's businesses are involved in servicing the central London economy. There is a critical point beyond which you can't go as it is time critical. Some dirty activities (such as concrete) have to be quite central.
- Is there potential for some of these businesses to operate a 'shop front' model whereby customers can drop their items requiring work at a central location, with the organisation then transporting the item (e.g. a car, a theatre prop) to their factory further out of town where the work will be carried out.
- Can the council provide assistance to businesses that are under pressure to move out or want to expand? This could involve rezoning certain areas of the OKR and/or providing assistance with finding alternative locations within the borough.
- Can the council plan to maximise the benefits to business of future residential development through a local management model, integrating public realm and other improvements with the needs of public-facing businesses?

## Appendix – Detailed comments

### Question 1 – What are your current perceptions of the OKR as a business area?

#### Pros:

- It's a brilliant **location**, not always recognised for the benefits it has.
- It has **space** that is suitable for businesses.
- There's a good **network** of local businesses which benefit from being in close proximity to each other; there are lots of small businesses but they work together. It's friendly.
- **Proximity** to customers. *"Relationship to market is a dominant factor for most industries in the area – they all relate to inner London."* *"All our customers are in Bermondsey."* Some of these customers are big, national institutions, such as theatres and large hospitals. *"Theatres need to rush props down to us in the evening for repair and we have to rush them back."*
- **Lots of footfall** for public facing businesses
- It's useful to have a **semi-industrial** area – it's a key reason for locating here. There are activities that don't fit well with residential. *"If you're having steel delivered in a big truck – residents wouldn't like that."* Having more residents coming in would create problems. *"We moved from the Isle of Dogs because we stood out like a sore thumb as the last industrial organisation left. People didn't want big lorries coming and going."*
- Until recently (3 years ago), it was the only place within striking distance of central London that was remotely **affordable**. But prices are going up. *"We moved from East London which was becoming unaffordable."*
- Businesses **employ** local people.
- Relationship to **entrepreneurialism**. *"There are lots of entrepreneurs around; linked to lifestyle – they want to be in London. If they can't run a business in London, they wouldn't bother."*

- Self contained **business estates** insulate businesses from residential pressure.

#### Cons:

- It's getting more **expensive** – what was £7/ft<sup>2</sup> is now £15/ft<sup>2</sup>. This squeezes business out. Land is now so valuable. 'I've been offered more for my site than my business is worth'.
- Traffic and **congestion**.
- **Parking** issues and loading bay access. Challenges with getting deliveries when parking lines have been put in. *"It used to be that you knew anyone parking in the street and could ask them to move if you needed them to, for a delivery. Now, there are lots of people parking there and you can't ask them all to move."*
- **Run-down feel** *"Its dead, lots of tyre places and garages, lots of fumes, lot of rubbish"*. This makes it less suitable for retail businesses, and is a downside for any business that has visiting clients.
- **Crime and safety** – it's a quiet industrial area, not very well lit. Some people don't feel safe. There is some petty crime
- **Lack of cafes and 'cool' facilities**. This can make it hard to attract young workers. Nowhere to take clients to lunch.
- No fibre optic **broadband**

#### Question 2 - What do businesses need to thrive in the area?

The majority of those who responded were happy with things as they are, but some were conscious that rising rents will start to force them out. For those that own their space, having residential units going up around them may also force them out as they will become unpopular with the new residents; others suggested they will just not be able to resist the lucrative offers from developers forever. A number of businesses were seeking to expand but not able to do so.

Businesses need:

- **Affordability**. Need rent of £6-8 / ft<sup>2</sup>. Others suggested the tipping point would be £12-14/ft<sup>2</sup>. There is diverse competition for space; supermarkets will pay £25/ft<sup>2</sup>. Office space commands £30/ft<sup>2</sup>
- **Access** that doesn't involved driving through residential areas, and is relatively uncongested.
- **Space** that is separate to residential – for safety issues and to avoid complaints. Straightforward space with level access where you can get a truck in.
- **Security** of tenure. No-one will offer a lease of even 5 years at the moment.
- Need **proximity** to customers – *"We need to be less than a 1 hour drive to our customers. If we moved further out, we'd lose our customers."*
- Need to be in an **industrial** area. *"People don't want someone road testing cabs in their street."* Need a reasonably constrained environment with similar activities; a cluster or organisations all in the same boat. *"If you're one factory in the middle of houses, then everyone hates you."*
- Businesses which are public facing need **amenity and public realm improvement**
- More provision for **cycling**.

*"6,000 square foot of industrial space in Southwark at £8/ft<sup>2</sup> please"*

To provide businesses with what they need, an effective policy is required to enable industry to coexist with residential: eg. residential above industrial, with allowances for unloading on e.g. a

Clearway. This might work for more contained businesses. Creative businesses do work well with this sort of set up, but this pushes up rents and pushes the creative industries out.

*“Property values is a force you can’t fight. But planning can intervene and prevent certain areas becoming residential. The vast majority of industry could be linked to residential if it was planned properly. It used to be considered impossible to put residential above supermarkets; now it’s done automatically – it just has to be carefully designed.”*

### Question 3 - How can businesses survive in proximity to residential development?

There was a range of views on the likely impact of future residential development. Those who own their own sites, and/or are located on self-contained industrial estates are the most sanguine about future residential growth. For some, particularly retail outlets, residential growth is seen as a business opportunity providing more customers and local staff, as well as the potential of public realm improvements which would benefit public facing businesses.

The challenges:

- One company involved in car spraying are about to get 30 flats right next to them. Could they be designed to co-exist? Perhaps, but it would be expensive to do this. *“People don’t want car spraying underneath their windows. You’ll want new businesses like estate agents, hairdressers. We don’t feel we’ll be able to stay in the borough.”*
- Hatcham Estate is a mix of church and industry. It’s tricky to mix steel lorries with families getting out of cars.
- Inability to expand: *“Need double the area have - currently less than acre need another acre... service vehicles need to be parked up somewhere. If people cant operate from Southwark, will have to charge more to take account of extra travelling”*

What’s needed:

- Developments are providing live/work units – but that’s different to businesses that need large lorries.
- Shopfront model: some companies are looking at option of having a small ‘shop front’ space in the borough where customers can drop off their items. These are then taken by the company to their main site, further out of town.
- Churches – need something similar to industry, ie to be away from residential areas (as they get complaints about noise) with good parking.
- Mixed use development is possible – but need to take care over traffic. *“Big metal sculptures have to be transported in a truck; you can’t take them on a motorbike or on the tube.”* It requires careful transport planning, and careful planning of things like waste collection.
- Some participants would be happy to relocate within the borough. Most want to remain within the borough.
- Can the Council plan to maximise the benefits to business of future residential development through a local management model, integrating public realm and other improvements with the needs of public-facing businesses?

#### Question 4 - what help do businesses need?

*“Business has never been so good – we don’t need any changes. We need to expand. But we know we’re not part of the plan for the area.”*

- Please retain an element of protection for the area for business use. Planners can identify types of uses and can get developers to put in space for them. *“Would like Council to ringfence areas for industrial land, preserve B1,2, 8 uses - safeguard these activities”.*
- Could S106 be used to guarantee provision of space for e.g. artists’ studios for a certain number of years at a certain rent? To be included as part of granting planning permission. Justification for this that there is social capital underpinning it; they are a charity, helping start-up businesses, the local community can use the space, they draw in visitors. If this doesn’t happen, then artists’ studios like his won’t exist in London any more – there has been a 50% reduction in creative workspaces in the last year.
- One company would be happy to relocate to a railway arch; but Network Rail aren’t keen on garages – historically considered to be dirty, but they’re not like that now. Could the council talk to Network Rail and ask them to open up their ideas?
- *“It’s really hard as a business owner to find premises. Could the council help with this?”*
- Is there somewhere in Southwark that’s not suitable for residents that could be zoned for industry?
- *“The buck stops with the planning process. If developers can’t build on a factory site then they won’t.”*

The case for keeping businesses in the area:

- Local employment. *“We’ve employed 5 or 6 Southwark youngsters as apprentices. That will all go if we have to move from the borough.”*
- *“It would be a tragedy for the area to lose all the skills of its businesses. We employ local people, we take on apprentices from the local art colleges.”*