



Appeal Decision

Hearing held on 29 January 2025

Site visit made on 29 January 2025

by Emma Worley BA (Hons) Dip EP MRTPI

an Inspector appointed by the Secretary of State

Decision date: 20th of February 2025

Appeal Ref: APP/E5900/W/24/3351303

1 Alie Street, London E1 8DE

- The appeal is made under section 78 of the Town and Country Planning Act 1990 (as amended) against a refusal to grant planning permission.
 - The appeal is made by Newworth Holdings against the decision of the Council of the London Borough of Tower Hamlets.
 - The application Ref is PA/23/01303/NC.
 - The development proposed is the change of use of part ground, first, second and third floors from Class E (Office) to flexible use Class E/Class F1(Education).
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Decision

1. The appeal is allowed and planning permission is granted for the change of use of part ground, first, second and third floors from Class E (Office) to flexible use Class E/Class F1 (Education) at 1 Alie Street, London E1 8DE in accordance with the terms of the application, Ref PA/23/01303/NC, and the plans submitted with it, subject to the conditions in the attached schedule.

Main Issue

2. The main issue is the effect of the proposed development on the provision of employment land.

Reasons

3. The appeal site comprises a 7 storey office building which lies at the corner of Alie Street and Mansell Street. The immediately surrounding area includes commercial and residential uses. The appeal proposal seeks a flexible planning permission to enable the change of use of a total of 5,890.4sqm of office floorspace within the building, including part of the ground, first, second and third floors from Class E (Office) to allow either a Class E or Class F1(Education), to enable the site to respond to changing market demands. The proposal may therefore lead to a loss of employment space in perpetuity.
4. The proposed education use would be operated by QA Higher Education (QAHE), to facilitate the delivery of business and technology undergraduate and postgraduate courses on behalf of a range of universities. The facility would enrol up to 6,000 students, who would attend the site during weekdays, evenings and at weekends. QAHE wish to move from their current premises in Farringdon as they have outgrown their existing facilities.
5. The site is located within the Aldgate Secondary Preferred Office Location (POL), the Central Activities Zone (CAZ) and the City Fringe Opportunity Area (Core Growth Area). Part 1 of Policy D.EMP3 of the Tower Hamlets Local Plan

2031, adopted January 2020 (THLP) is clear that within the POL development resulting in the net loss of employment floorspace will not be supported. Paragraph 10.29 of the accompanying text indicates that this is to ensure the supply of employment land to meet identified demand is maintained, and that within the secondary POLs, there is an expectation that development proposals are employment-led, in line with the aims of Policy S.EMP1 of the THLP. The proposal would result in the loss of employment floorspace and would therefore conflict with Policy D.EMP3.

6. Policy S.EMP1 of the THLP seeks development which supports, protects and enhances the role and function of the POLs and maximises the provision of employment floorspace to contribute towards job creation. It sets out that Secondary POLs contain or could provide significant office floorspace to support the role and function of the Primary POL and the City of London. It does not preclude other uses within the Secondary POL, indicating that greater weight is given to office and other strategic CAZ uses as a first priority. However, while Policy S.EMP1 allows for greater flexibility with regard to uses in the secondary POLs, it appears to apply to proposals which specifically relate to the opportunities for the provision of new floorspace, in order to facilitate other uses alongside the policy requirement to maximise employment uses. Furthermore, it should be read within the context of the clear policy intention of Policy D.EMP3 of the THLP to protect existing employment space.
7. Policy SD4 of the London Plan 2021(LP) part B, sets out that the nationally and internationally significant office functions of the CAZ should be supported and enhanced by all stakeholders, including the intensification and provision of sufficient space to meet demand for a range of types and sizes of occupier and rental values. Part G of Policy SD4 identifies the CAZ as a centre of excellence, to which functions such as education, contribute and should be supported and promoted. Paragraph 2.4.4 of the supporting text to Policy SD4 provides a list of the strategic functions the CAZ may include, such as e) centres of excellence for higher and further education and research. The presence of education institutions would therefore further one of the strategic functions of the CAZ.
8. During the determination of the planning application, the Council concluded that, in the absence of a definition of a 'centre of excellence' in relation to a higher and further education and research use, and policy or guidance to the contrary, the proposed education use would constitute a strategic CAZ function. Nonetheless, it is now the Council's position that, it has not been demonstrated that the proposed education use by QEHE, as an umbrella provider, would be a centre of excellence.
9. There is dispute between the parties as to whether the proposed education institution itself must be a centre of excellence. It is unclear how the Council, when determining a planning application, would be in a position to ascertain whether a particular institution was a centre of excellence, as that would require a subjective judgement regarding its provision. I have not been made aware of any relevant planning policy guidance as to the type of institution that may constitute a 'centre of excellence'. As such, there is no substantive reason to suggest that the size of an establishment, or its status as an established university, would be determining factors as to whether it would be a centre of excellence. Moreover, there is no suggestion in the policy, and it was agreed at the Hearing, that, should permission be granted, it would be restricted to a specific activity or circumstances of a particular end user.

10. The Council also asserted at the Hearing that, the wording of criterion e) of paragraph 2.4.4 is such that the proposed education use must include research. It would not usually be the case that further education, which provides post-secondary school training, would operate alongside the university education offered by higher education, or that research would, as a matter of course be a component of either type of educational establishment. Consequently, the logical reading of paragraph 2.4.4 suggests the strategic functions of the CAZ could include any of the 3 uses set out in criterion e) independently and it is not necessary for a centre of excellence to include research, indeed any single one of the uses or a combination of all 3 would be appropriate.
11. Accordingly, for the reasons set out above, I am satisfied that the proposed higher education use would be one that is considered a strategic function of the CAZ. I am mindful that this finding is different to that reached by the Inspector in a recent decision at 9 Prescott Street¹ for the change of use from office use (Class E) to a dual hybrid use for higher education uses (Class F1(a)) and office use (Class E). In that case the Inspector concluded that, in the absence of detailed information pertaining to student and staff numbers, enrolment criteria and the curriculum, they could not be certain that the proposed education use would be a centre of excellence and therefore consistent with the strategic function of the CAZ. However, I am not aware of the evidence which was before the Inspector in that case. Based on the information before me at the Hearing, and for the reasons set out above, I consider that it is not an inherent policy requirement that the proposed use must be found to be a centre of excellence.
12. The proposed education use would therefore constitute a strategic CAZ function and, while not supporting the nationally and internationally significant office functions of the CAZ, would nevertheless support and promote the CAZ as a centre of excellence in terms of education. In that regard the proposal would not conflict with Policy D4 of the LP.
13. Irrespective of this, the proposed development could result in the loss of employment floorspace in the Secondary POL in perpetuity. It would therefore fail to accord with Policy D.EMP.3 of the THLP and the aims of Policy S.EMP1 of the THLP which seek the retention of office space in the Secondary POL, including the provision of employment floorspace so as not to diminish the function of the POL. While policies in the THLP give a steer as to uses which may be acceptable in the CAZ, it is very clear that office uses in the POL should be protected. The proposal would therefore conflict with the development plan as a whole. Consequently, it falls to be considered as to whether there are material considerations which indicate a decision should be made otherwise than in accordance with the development plan.
14. Table 2 of the THLP² forecasts an overall surplus of office space in the district of 640,089sqm during the plan period up to 2030. The London Borough of Tower Hamlets Employment Land Review, dated March 2023 (ELR) confirms that potential supply of office space far exceeds the forecast demand³, and in Tower Hamlets there is in excess of 592,000sqm of available office space, excluding proposed buildings. The Tower Hamlets Monitoring Report 1 April

¹ APP/E5900/W/24/3345893

² Table 2: Jobs and floorspace (sqm) forecasts: 2015-2030

³ ELR Figure 7.12 Summary demand and supply situation

2020- 31 March 2022, published December 2024 (AMR)⁴ also confirms that for Tower Hamlets there is an excess supply of office floorspace supporting nationally or internationally significant office functions.

15. The Council does not dispute the oversupply of office floorspace, including in the City Fringe. However, officers highlighted at the Hearing that the main office development pipeline in Canary Wharf means the oversupply is most significant there, and that the evidence does not indicate an oversupply specifically in the Aldgate POL. In addition, the Council confirmed at the Hearing its view that demand for office space and uptake continues in the City Fringe, where the market remains strong. It considers that vacancy rates are cyclical in nature and the current rate of 11%, which is slightly above the optimal rate of 8%, is symptomatic of the current economic situation and does not necessarily indicate a long-term decline in demand.
16. Nonetheless, I heard at the Hearing that demand for office space in the City Fringe has declined, with a considerable amount of vacant office space near the appeal site. The appellant suggested that this is not only due to increased home working levels post pandemic, more efficient working practices and hybrid working, but also other factors. The appropriate rent level for the nature of the existing office space in this location was the subject of disagreement between the parties. The appellant contended at the Hearing that prospective tenants, who had expressed an interest in the building, were not reluctant to occupy the office space based on the rental rates sought but rather, in part, due to the character of the area and increased popularity of alternative locations. It was suggested that, while the site benefits from good accessibility to public transport, and some food and beverage outlets, other areas such as Liverpool Street, are more attractive due to their proximity to a main line train station, and extensive provision of facilities, which mean that Aldgate has in turn, become less desirable to businesses looking to relocate.
17. Furthermore, while the obligations in terms of the energy efficiency requirements of the building may not vary significantly between education providers and commercial users, the appellant contends that the sustainability credentials of the building due to its age, mean that the office space would be unlikely to be let to an office tenant. This is in part due to their legal obligations in that regard, as well as the ethical desire of businesses to be net zero. Improvements to 1 Alie Street have been carried out, including internal refurbishment, albeit a few years ago, it also allows for flexible floorplates, which could accommodate smaller businesses. However, it was suggested at the Hearing by the appellant that the energy efficient requirements relate to the building's fabric which is more difficult to address. On the basis of the foregoing considerations, based on the evidence before me, it is unlikely that an employment use of the floorspace would resume imminently.
18. I am aware that planning permissions have been granted recently by the Council for several new office developments in the City Fringe area, which appears to run contrary to the suggestion that there is a lack of demand for office space in the area. However, the Council agreed at the Hearing that these schemes were not directly comparable to the appeal scheme.
19. Set against the declining demand for office space like that at 1 Alie Street, the appellant's submissions indicate that there has been a high level of interest

⁴ AMR Table 29: Status of office applications, by consent year, November 2022

from education providers, including QAHE, who wish to occupy the building, which reflects a demand to locate education uses close to the commercial centre. While there is no certainty that QAHE would occupy the building, or that the proposed use of the building for educational purposes would provide education opportunities specifically for local residents, the appeal scheme would nonetheless offer benefits in terms of the provision of new education floorspace. Moreover, I have not been presented with any compelling evidence that the absence of a legal agreement to secure employment opportunities or other benefits associated with the provision of education would undermine the role of the proposed education use in that regard. The proposed use would therefore accord with Key objective 2 of the THLP in relation to sharing the benefits of growth, in particular helping to close the current skills gap, through improving access to education and training and increasing the mix of employment sectors.

20. I acknowledge that the proposed education use would be likely to generate fewer employment opportunities than an employment use, and that the wider economic benefits locally in term of footfall may not be materially different to an office use. However, it would offer benefits in terms of the re-use of the vacant floorspace, which has been empty since 2022, despite efforts to market the parts of the building to which the appeal relates since 2020. There would also be associated economic benefits through student spend in the area. My attention was drawn at the Hearing to the ELR, which confirms that well-used educational space is likely to generate planning benefits in terms of vitality, attractiveness and multiplier effects. It is also likely that the re-use of the vacant floorspace as proposed would make the existing working environment for the remaining tenants of the building more appealing through the additional activity, which would encourage them to remain in the building.
21. In addition, the ELR acknowledges that Tower Hamlets has seen significant success in attracting non-London university campuses, and these have the potential to make a positive contribution to planning aims, given wider uncertainties in the corporate office market. Even if the area is currently well served by similar organisations, the ELR nevertheless advocates a more open approach to education uses, where there is demand in areas where demand for offices is uncertain. My attention has also been drawn to the City of London Corporation Future of Office Use Final Report by ARUP and Knight Frank, dated July 2023 (FoOU), which, among other things, encourages alternative uses for Grade B office stock for which conversion to high quality, sustainable office space is not feasible, to optimise the use of space to bring buildings back into use.
22. I note the Council's contention that the proposal would not offer any tangible benefits in terms of the enhancement of the external appearance of the building. However, it has not been shown that this is a policy requirement. Accordingly, this would be a neutral matter in the planning balance.
23. I have found that the proposal would not conflict with Policy SD4 of the LP which identifies education as a use which supports the functions of the CAZ. Notwithstanding this, it would result in the loss of employment space in the Secondary POL and would therefore give rise to conflict with Policies D.EMP3 and S.EMP1 of the THLP in that regard and the development plan as a whole.

24. Set against this, the proposal would offer significant benefits including the re-use of vacant office floorspace, in the context of a current supply of office space within the district that exceeds demand and is expected to continue to do so within the plan period. Moreover, there are recognised benefits in terms of the provision of new education facilities in terms of increased training opportunities and upskilling, as well as the economic benefits for the local economy through footfall. I acknowledge that these benefits, as well as the employment opportunities provided by an education institution may not be as great as the use of the building for employment purposes, there is no compelling evidence that, given the constraints of the building itself and the location, occupation of the building for office use at full capacity is a realistic prospect. It would also accord with the advice in the ELR and FoOU which encourage consideration of alternative uses, including education, in an uncertain office market. As such, material considerations have been shown to carry sufficient weight to indicate that a decision should be taken otherwise than in accordance with the development plan and permission should be granted.

Other Matters

25. While not referred to in the reason for refusal the Council's written submissions allege conflict with Policy D.EMP4 of the THLP. Policy D.EMP4 requires redevelopment within the Secondary POL to be employment led and deliver the maximum viable level of office floorspace, or other non-residential strategic functions within the CAZ. However, the Council confirmed at the Hearing that, despite identifying conflict with Policy D.EMP4 of the THLP, it considered that this policy applies to proposals for the redevelopment of a site comprising new build as opposed to the change of use of part of a building, as is the case in the appeal proposal. Consequently the Council confirmed that it is their view that Policy D.EMP4 of the THLP is not relevant to the appeal scheme.
26. The Council's written submissions also allege conflict with Policy E2 of the LP. Setting aside the plan making requirements of part A of Policy E2, part C requires specific criteria to be met where development proposals involve the loss of existing B Use Class business space in areas identified in a local Development Plan Document (DPD) with a shortage of lower-cost space or workspace of particular types, uses or sizes. My attention has not been drawn to policies within a DPD which identify any such shortage. Accordingly, Policy E2 of the LP is not determinative in the consideration of the appeal proposal.
27. Concern is expressed by the Council that the granting of permission for the appeal scheme would set a precedent for future similar development, which would further diminish the office floorspace in the POL. However, no directly comparable sites to which this might apply have been put forward. In any case, each proposal must be determined on its individual merits, and a generalised concern of this nature does not justify withholding permission in this case.
28. The Council's submissions indicate that the railings at 17 and 20 Alie Street, the White Swan Public House, and numbers 2 and 8 St Mark Street, all within the vicinity of the appeal site, are Grade II listed. I am required to have special regard to the desirability of preserving the setting of the listed buildings/railings. With respect to the nature of the development, which does not include any external changes to the appeal building, and their distance

from the site, I am satisfied that the setting and significance of the listed buildings/railings would not be adversely affected.

Conditions

29. A list of agreed conditions was included in the Statement of Common Ground. Where I agree the conditions are necessary, I have amended the wording, in the interests of precision and clarity, and to comply with advice in the Planning Practice Guidance. In addition to the standard condition controlling the timescale within which the development must commence, a condition is required to specify the relevant plans, in the interests of certainty.
30. The scheme has been progressed on the basis that it would be used as either an office or for the provision of education. The Council's suggested condition would restrict the use of the floorspace solely to part (g) of Class E and Class F1 (a) of the Town and Country Planning (Use Classes) Order 1987 (as amended) so as to safeguard the immediate residential amenity of the area and to safeguard the role and function of the Aldgate Secondary POL and CAZ. I am not aware that the existing Class E use of the building is subject to planning conditions to restrict other uses within Class E. In the absence of any compelling evidence to justify the restriction of the proposed use to only part (g) of Class E, it would be unreasonable to impose this part of the condition in this instance. However, I have found that the development would offer benefits in terms of the provision of education opportunities, and this is a material consideration that weighs in favour of the appeal. To ensure this benefit would occur, a condition to restrict the use of the floorspace to Class F (a) is therefore necessary.
31. The suggested condition 4 would restrict the hours which demolition, building, engineering or other operations associated with the construction of the development can take place. However, the parties agreed at the Hearing that as the proposal relates to the change of use of the building and does not include significant internal alterations, this condition is not necessary.
32. While the Highway Authority are satisfied that the number of parking spaces are appropriate, a condition is necessary to secure full details of the facilities, to ensure compliance with relevant standards. I have not been provided with any justification as to why the condition is required to be a pre-commencement condition. Given that the existing use of the floorspace is Class E, a pre-occupation condition to require the facilities to be agreed and provided prior to the first use of the building for the proposed education use would be reasonable. Furthermore, I have omitted the reference in the condition to specific items, so that the parties can agree the precise requirements based upon relevant guidance and site circumstances at the time that the details are agreed.
33. A condition requiring a delivery and servicing plan is necessary in the interests of highway safety. I have not included the list of requirements in the condition, for the same reason as above.
34. The submissions indicate that the development would be car free, which itself implies a modal shift. Nonetheless, a condition to secure a Travel Plan is necessary to encourage the use of a broad range of alternative means of transport. Given the existing use of the building this would only come into effect if the building were used for education purposes.

35. A disabled parking space is to be secured by a condition to ensure the development would include appropriate facilities to serve the education use of the building, to meet the needs of all groups. The Council indicated at the Hearing that, despite the disabled parking space being located beyond the boundary of the appeal site, it was satisfied that a Grampian style condition could be imposed to secure its provision to serve the development. I have no reason to reach a different conclusion.

Conclusion

36. For the foregoing reasons, the appeal is allowed.

Emma Worley

INSPECTOR

Schedule of Conditions

- 1) The development hereby permitted shall begin not later than 3 years from the date of this decision.
- 2) The development hereby permitted shall be carried out in accordance with the following drawings: Location plan, Proposed ground floor plan, Proposed 1st floor plan, Proposed 2nd floor plan and Proposed 3rd floor plan.
- 3) The premises shall be used for either Class E or Class F1 (a) and for no other purpose (including any other purpose in Class F of the Schedule to the Town and Country Planning (Use Classes) Order 1987 (as amended) (or in any provision equivalent to that Class in any statutory instrument revoking and re-enacting that Order with or without modification).
- 4) Prior to the first use of the building for the provision of education full details of cycle storage facilities shall be submitted to and approved in writing by the Local Planning Authority. No less than 185 long-stay spaces and 175 short cycle parking should be provided. The cycle storage facilities shall be completed in accordance with the approved details prior to the first use of the premises for the provision of education and thereafter maintained in operational condition and made available to the users of the development for the lifetime of the use of the building as such.
- 5) Prior to the first use of the building for the provision of education, a delivery and servicing plan shall be submitted to and approved in writing by the Local Planning Authority. The approved delivery and servicing plan should be adhered to for the lifetime of the use of the building as such.
- 6) Prior to the first use of the building for the provision of education an updated Travel Plan, in relation to students, staff and visitors to the site shall be implemented in accordance with details which shall be submitted to and approved in writing by the Local Planning Authority. The Travel Plan shall include on-going review provisions. The provisions of the approved plans shall be maintained for the lifetime of the use of the building as such.
- 7) Prior to the first use of the building for the provision of education full details relating to a disabled parking space, as shown in Appendix B of the Technical Note by Velocity dated September 2023 Ref TN001 shall be submitted to and approved in writing by the Local Planning Authority and the space shall be provided and made available to users of the building.

*****end of conditions*****

APPEARANCES

FOR THE APPELLANTS:

Ms Caroline Daly	Counsel, Francis Taylor Buildings
Ms Iyabo Johnson MRTPI	Planning Consultant, Savills
Mr Chris Horn	Strategic Planning Lead, Chris Horn Associates
Mr Anthony Harris	Commercial Agent, Noble Harris

FOR THE LOCAL AUTHORITY:

Stephanie Bruce-Smith	Counsel, FTB Chambers
Kirsty Gilmer	Team Leader - Development Management, London Borough of Tower Hamlets
Tanveer Rahman	Senior Planning Officer – Development Management, London Borough of Tower Hamlets
Marc Acton Fillion	Principal Planning Officer - Plan Making, London Borough of Tower Hamlets
Shahi Mofozil	Senior Manager - Business Growth, London Borough of Tower Hamlets