

125 Shaftesbury Avenue

Regeneration Statement

Prepared by EKOSGEN (part of GC Insight)

Submitted on behalf of VREF Shaftesbury SCS

November 2024



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Contents

Executive Summary	1
1 Introduction	2
2 Socio-economic Context	4
3 Estimation of Economic Benefits	19
4 Contribution to Regeneration	24





Executive Summary

125 Shaftesbury Avenue Regeneration Impacts

Proposed Development

-  32,435 sq m of office space
-  862 sq m of GF retail space
-  Improved Public Realm

Local Drivers for Change

-  Refurbishing, retrofitting & rejuvenating an existing building to bring it back into beneficial use
-  Strong local policy focus in retaining office floorspace and providing affordable workspace to meet economic needs
-  Below average performance in terms of economic activity and local employment
-  Significant business base and employment growth but many local residents struggle to benefit from this growth

Construction Impacts over 3 years

-  **£142m** Investment in construction
-  **239 Jobs** Direct & indirect construction jobs supported per annum
-  **£36m** Annual GVA impact
-  Training and Apprenticeship Opportunities

Gross Operational Impacts

-  **3,248 Total FTE Jobs** across London including:
 -  **2,165 direct on-site jobs** in Camden
 -  **1,083 indirect & induced jobs** supported across London
-  **£450m GVA p.a.** Direct and indirect impact, including £327m within Camden
-  **£7m employee spending** in the local area from on-site workers
-  **Fiscal Benefits**
 - Potential for **£8m** per annum in the form of business rates from retail and office space
 - £52m** in tax and NI receipts from direct and indirect jobs

Wider Regeneration and Community Benefits

-  Delivering against local regeneration policy
-  Addressing the need for Grade A office space and affordable workspace
-  Supporting skills development and local supply chain and employment opportunities
-  Enhancing public realm and contributing to social value
-  Meeting low carbon objectives

1 Introduction

Purpose of the Document

This Regeneration Statement has been prepared by ekosgen, part of GC Insight, to accompany the application for planning permission submitted on behalf of VREF Shaftesbury SCS (hereafter referred to as the 'Applicant') for the proposed redevelopment of 125 Shaftesbury Avenue (hereafter referred to as 'the Site').

The Description of the Proposed Development is as follows:

“Remodelling, refurbishment and extension of the existing building to provide Use Class E commercial and retail space, amenity terraces, a new public route, relocated entrances, cycle parking, servicing and rooftop plant along with associated highway, landscaping and public realm improvements and other associated works”

This Statement provides an assessment of the construction and operational benefits of the scheme together with the wider regeneration and community benefits in the context of the local socio-economic challenges and opportunities. It comprises:

- An overview of the local socio-economic and regeneration context including relevant policy and strategy;
- An assessment of the socio-economic benefits of the proposed development including:
 - Construction benefits – temporary, employment and expenditure
 - Operational benefits – employment, spending and GVA and fiscal benefits; and
- An overview of the wider regeneration and community benefits

Site Context and Proposed Development

The proposed site is located at 125 Shaftesbury Avenue, London. It lies approximately 100m south of St Giles in-the-fields Church, 250m south of Centre Point / Tottenham Court Road Station (Central and Northern lines and Crossrail) and 250m north of Leicester Square Station (Northern and Piccadilly lines).

The site is bounded by:

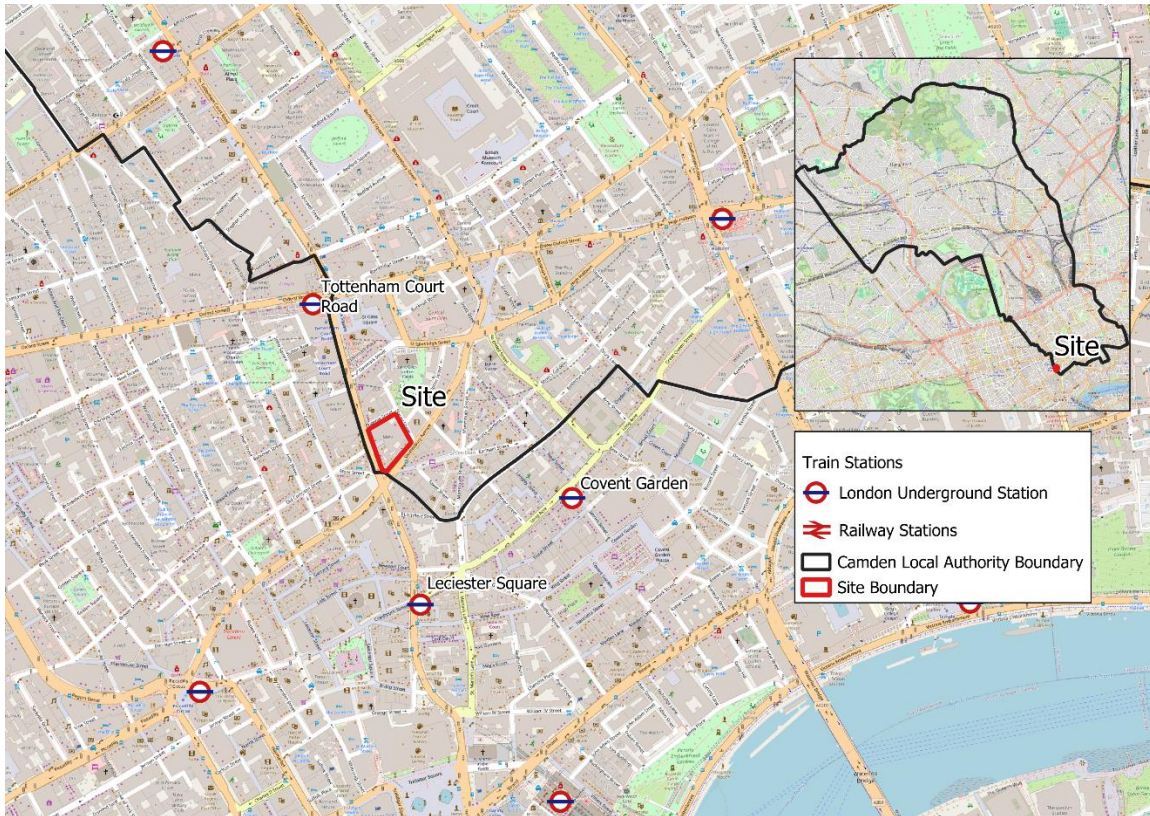
- Charing Cross Road to the south west;
- Shaftesbury Avenue to the south east;
- Stacey Street to the north east; and
- Phoenix Street to the north west.

The 0.359ha site lies within the London Borough of Camden and sits between the distinct character areas of Soho, Covent Garden, Seven Dials and Bloomsbury. It is not located within a Conservation Area, but is part of a small urban pocket surrounded by the Soho, Denmark Street and Seven Dials Conservation Areas.

The landmarks near the site include St Giles in-the-fields Church, Centre Point, Seven Dials and Central St Giles. Tottenham Court Road Station, the West End Project and Crossrail have transformed this West End location and attracted further significant investment in the area.

The proposed development is designed to contribute to the ongoing improvement and reinvention of this central London location.

Figure 1: Site Location



Source: *ekosgen part of GC Insight*

The site is currently occupied by a basement, ground plus 10-storey building designed by Ian Fraser, John Roberts and Partners and completed in 1982. The current building provides retail units on the ground floor, with office space on floors one to ten and provides a GIA of 22,863 sq m.

The building was previously occupied by Meta (formerly known as Facebook) but is currently vacant across the office floors. Part of the office space is temporarily being used for theatre and ancillary events. On the ground floor, it hosts several retail units including Nisbets and Salsa Bar.

The previous Planning Permission was Consented in 2018 (2016/5202/P) and has since lapsed.

The proposed development comprises of the following:

- 32,435 sq. m GIA of office floorspace (Use Class E)
- 862 sq. m GIA of retail floorspace (Use Class E)

2 Socio-economic Context

Local Policy and Regeneration Background

The local and emerging policy and regeneration context within the LB Camden establishes a series of key objectives and priorities for change and growth that the Proposed Development will make a positive contribution to.



There are several aspirations identified in the **London Plan** which the proposed development has the opportunity to deliver against including supporting the CAZ, Good Growth and continued office and affordable workspace provision



Despite Camden's strong position in the regional economy and its appeal to dynamic businesses, many local residents struggle to benefit from this growth and there are disparities in income, health and access to services.



The **draft new Local Plan** continues the emphasis to retain office floorspace where it can continue to meet an economic need and projects a demand for about 406,359 sqm of additional office floorspace by 2041.



Camden's growth sectors are identified as: Professional, Technical, Business Administration, Creative Industries, and Science and Technology

London Plan 2021

The London Plan 2021 sets out the overall strategic plan for London and includes an integrated economic, environmental, transport and social framework for the development of London over the next 20-25 years. There are several aspirations identified in the plan at the London Level which the proposed development has the opportunity to deliver against, including:

- **Good growth:** Good growth is at the heart of the mayor's policy agenda, referring to delivering sustainable growth that works for everyone. A key objective of good growth is creating sustainable mixed-use places that make best use of the land with specific focus on the development of brownfield sites, particularly in opportunity areas.
- **Central Activities Zone (CAZ):** The Location of the Proposed Development is of notable importance as the West End area (where the site is located) is within the Central Activities Zone and is designated as part of the Arts, culture and entertainment specialist cluster in the London Plan. The Proposed Development is also in close to the Tottenham Court Road Opportunity Area where the London Plan identifies further possibility for growth with the potential for 6,000 more jobs before 2041.

- **Affordable workspace:** The London Plan emphasises the need to ensure that there is a provision of affordable workspace for a specific social, cultural or economic development purpose. This includes sectors providing cultural value, supporting disadvantaged groups or educational outcomes and supporting business start-ups.
- **Office Space:** The London Plan emphasizes the need to support and increase office space, particularly through new provision, refurbishment, and mixed-use developments. It prioritizes developing dynamic central London office clusters like the CAZ, while also supporting outer and inner London office markets. Existing viable office space should be retained, and surplus space repurposed, with a focus on affordability and adaptability.

Adopted Camden Local Plan 2017

The 2017 adopted London Borough of Camden Local Plan¹ sets out the Borough's strategic plan for the period (2016-2031). The plan aligns with the London Plan in viewing the West End and Tottenham Court Road opportunity area as an important part of central London as well as a significant local area.

According to the Local Plan, Camden's economy shows significant disparities, with both deprived and prosperous neighbourhoods. The borough faces challenges in addressing health inequalities and ensuring equitable access to essential services. Employment is highlighted the key driver of income inequality and whilst Camden's diverse and successful economy plays a significant role in the UK and Central London, the challenge is to sustain and grow this economic success while ensuring that all communities benefit from it.

To address these challenges, the focus is on facilitating growth to meet needs. Through **policy G1**, the council aims to "create the conditions for growth to deliver the homes, jobs, infrastructure, and facilities to meet Camden's identified needs and harness the benefits for those who live and work in the borough."

Some local residents lack the skills or qualifications needed by Camden's employers, especially in 'knowledge-based' sectors. To address this, the Council aims to align efforts from local schools, businesses, and training providers to enhance skills and improve employment opportunities. **Policy E1** focuses on fostering economic growth and ensuring its benefits are shared locally. One of its main goals is to improve access to training, which will enhance employment opportunities for Camden residents by equipping them with the skills needed for local and broader job markets.

To address current needs, according to the Local Plan there is a pressing need for increased office space, with a particular focus on developing new office facilities. **Policy E1** further supports this, with proposals to direct new office development to the growth areas, Central London, and the town centres in order to meet the forecast demand of 695,000sqm of office floorspace between 2014 and 2031. Through offering employment space, the council aims to continue to grow the boroughs economy and business base, but also ensure that residents are benefited.

Policy E2 focuses on maintaining and securing a range of premises for businesses to support Camden's economy and provide employment opportunities for the borough's residents. The Council supports higher intensity redevelopment of business sites that enhances functional efficiency, maintains or increases employment floorspace. According to the policy, redevelopments should retain existing businesses, particularly those supporting the CAZ or local economy, and provide flexible employment floorspace for

¹ London Borough of Camden, Adopted Local Plan, 2017

SMEs and growth sectors. Growth sectors are identified as: professional and business administration; creative industries; and the knowledge sector.

Affordable workspace is highly encouraged, especially in developments over 1,000 sqm. The Council aims to secure affordable SME workspaces through planning obligations, with affordability determined by factors such as location and quality and could include reduced rents or sponsorship programs for local businesses.

Draft New Camden Local Plan 2024

The Draft Revised Local Plan² for LB Camden is expected to replace the current Local Plan (2017) and will cover the period from 2026-2041. The draft revised Local Plan outlines that despite some improvement many of the same issues are present within the borough which existed at the time of the 2017 plan. The draft revised Local Plan maintains a number of the key elements of the current adopted local plan for Camden.

There is a continued emphasis to retain office floorspace where it can continue to meet an economic need. **Policy IE2** supports proposals involving additional office floorspace and refurbishment of existing stock within parts of the CAZ where there is an established commercial, or mixed-use character. The Council's Economic Needs Assessment 2023³ projects a demand for about 406,359 sqm of additional office floorspace (use classes E(g)(i) and E(g)(ii))⁴ by 2041.

The draft Local Plan echo's the London Plan's stance on the growing importance of affordable workspace provision. **Policy IE4** requires all major schemes (including mixed-use developments) with at least 1,000 sqm of office space to include affordable workspace. The Council will tailor affordable workspace types, rents, and specifications to meet the needs of target occupiers, in line with the London Plan's definition of affordable workspace. The council further seek 20% of the gross floorspace to be provided at 50% of the market rent for a minimum period of 15 years.

The draft Local Plan builds on the adopted plan by emphasising support for local business start-ups and job seekers through **Policy IE1**. Key initiatives include the "Good Work Camden" program for job placement and the STEAM program connecting youth with the knowledge economy. Developers and employers are expected to support these efforts, with educational developments possibly contributing financially to skills and training programs.

Our Camden Plan 2025 (2018)

Our Camden 2025 outlines the vision for the borough by 2025, focusing on creating a community where all residents can contribute to shared goals, ensuring that everyone has opportunities to succeed and that no one is excluded. One of the calls to action in 2025, is '*growth in Camden should be strong and inclusive – everyone should be able to access the work that is right for them*'.

Despite Camden's strong position in the regional economy and its appeal to dynamic businesses, many local residents struggle to benefit from this growth. Barriers to entering the London job market, such as

² London Borough of Camden, Draft new Local Plan, 2024

³ London Borough of Camden, 2023, Economic Needs Assessment

⁴ E(g)(i) - offices to carry out any operational or administrative functions

E(g)(ii) - research and development of products or processes

high living costs, stagnant wages, and inflexible job designs, have left some residents in poverty despite being employed. The borough's focus is on equipping young people with the necessary skills and qualifications to succeed in the evolving job market. Additionally, there is a goal to ensure that jobs recognize and nurture individual talents and skills, providing clear pathways for career progression.

We Make Camden 2022

'**We Make Camden**' was published in 2022 and sets out a refreshed vision for LB Camden. It sets out **six ambitions** which are as follows:

- Camden is a borough where every child has the best start in life
- Camden's local economy should be strong, sustainable and inclusive – everyone should have a secure livelihood to support them to live a prosperous life
- Camden actively tackles injustice and inequality, creating safe, strong, and open communities and where everyone can contribute
- Camden communities support good health, wellbeing and connection for everyone so that they can start well, live well and age well
- Everyone in Camden should have a place they call home
- Camden should be a green, clean, vibrant, accessible and sustainable place with everyone empowered to contribute to tackling the climate emergency

Alongside the ambitions are **four missions**, which are as follows:

- **Diversity:** by 2030, those holding positions of power in Camden are as diverse as our community – and the next generation is ready to follow;
- **Young people:** by 2025, every young person has access to economic opportunity that enables them to be safe and secure
- **Food:** by 2030, everyone eats well every day with nutritious, affordable, sustainable food Estates and:
- **Neighbourhoods:** by 2030, Camden's estates and their neighbourhoods are healthy, sustainable and unlock creativity

In terms of the second mission focused on **young people**, the council is committed to working with businesses, higher and further education, and schools to campaign for a fully funded education and skills system that *supports people to access good jobs in growing sectors*. The council will also *'help residents find good quality work through Good Work Camden and its neighbourhood jobs hubs, that enables all residents to live secure and stable lives.'* In the longer term the council aspires for an area where *'all businesses and their employees are part of Camden's communities, ensuring we all work together to make a thriving and inclusive economy which benefits all'*

Camden Affordable Workspace Strategy 2023

The Council adopted an Affordable Workspace Strategy⁵ in 2023. It sets out how the supply of affordable workspace can be increased, and the types of spaces needed. The aim of the Strategy is to increase the supply of affordable workspace in the borough to support local residents, businesses, and not-for-profits.

⁵ London Borough of Camden, 2023, Camden Affordable Workspace Strategy

This is a key component of the "We Make Camden" vision, which seeks to create an inclusive economy where everyone can benefit from local growth.

Camden has a projected requirement for 695,000m² of office space and 30,000m² of retail space by 2031. High land values in northern Camden have historically led to the conversion of SME workspace, particularly studio and workshop space, into residential developments through permitted development rights. This has had significant impacts on the local economy. According to evidence supporting planning policy, permitted development rights have put over 4,000 firms, more than 90,000 jobs, and billions of pounds of economic activity at risk in Camden's Central Activities Zone (CAZ). Additionally, outside the CAZ, an estimated 162,000m² of office space, more than 5,000 businesses, over £1 billion in economic output, and tens of thousands of jobs are at risk due to the loss of SME workspace.

To address these risks, the strategy outlines 4 actions to introduce new and better uses for existing assets.

- Promote and co-ordinate our Street Markets and street trading as part of our Affordable Workspace offer
- Explore opportunities to bring vacant high street properties back into affordable workspace uses via rental auctions
- Explore meanwhile use and affordable workspace strategies to bring long-term vacant council properties into new use
- Better promote the council's existing commercial portfolio as an example of how we are already managing affordable and accessible workspace

Employment Sites & Business Premises Planning Guidance 2021

The Employment Sites & Business Premises Planning Guidance 2021 supports Camden's Adopted Local Plan policies E1 (Economic Development) and E2 (Employment Premises and Sites). These policies outline the Council's approach to providing and protecting employment sites and business premises.

The Council priorities retaining or re-providing affordable employment space for micro and small businesses, particularly in Camden's growth sectors: Professional, Technical, Business Administration, Creative Industries, and Science and Technology. Furthermore, the Council's Inclusive Economy Team collaborates with developers to determine affordable workspace terms on a case-by-case basis. Examples include offering 20% of workspace at 50% of market value, providing space to an approved affordable workspace provider at peppercorn rent, and offering 20% of desks in a hot-desking area at half the market value.

Statistical Baseline

This section sets out the socio-economic characteristics of the area to inform an understanding of the key opportunities and challenges which can be addressed through this development.



Economic activity rates in the LIA (47%) and LB Camden (59%) are **below** those for London and England. Furthermore, **unemployment rates** for the LIA (8%) are **higher** than all benchmarked areas.



There is a **large working age population** within the LIA and a significantly high proportion are employed within professional occupations. Local people are **well qualified** compared to other locations, particularly for LB Camden (although LIA levels are below those for the borough).



The LIA area is a significant **focus for employment** with around 55% of employment in LB Camden is located there and significant employment growth over the last 5 years. Key sectors include Professional, Scientific and Technical activities and Information and Communication.



There are just under 35,000 businesses located in the Borough having grown by 13% over the last 5 years. The business based is dominated by micro businesses and the professional, scientific and technical, and IT Sector.



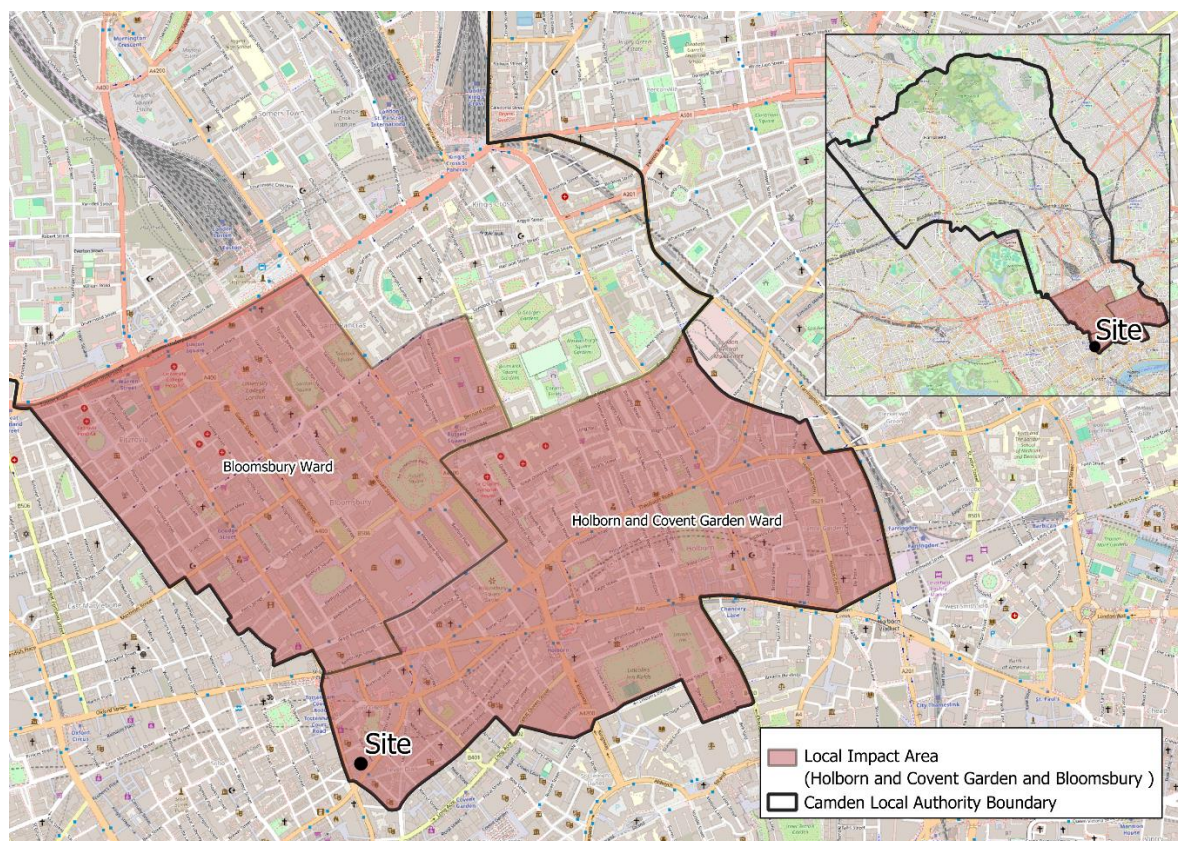
The figures suggest that people are **commuting into the borough for higher paid jobs** with workplace-based earnings higher than resident earnings in LB Camden.



There are small **pockets of deprivation**, with 7% of LSOAs within the LIA falling within the 20% most deprived nationally and 17% of LSOAs within Camden as a whole.

For the purposes of collating data, a Local Impact Area (LIA) is defined as the Holborn and Covent Garden and Bloomsbury Wards. Data has been benchmarked against the LB Camden, London and England. These geographies have been illustrated in the map below.

Figure 2.1 Statistical Geographies



Source: *ekosgen*

Labour Market and Skills

As of 2021, across the LIA approximately 80% of the resident population were of working age, compared to 73% across Camden, 69% across London and 63% across England. Economic activity rates amongst the LIA's resident population (16 and above) stood at 47% in 2021, this was significantly lower than the benchmarked areas of LB Camden (59%), London (64%) and England (59%). Furthermore, unemployment rates across the LIA (8%) were higher than all benchmarked areas. **Table 2.1** below summarises the local labour market profile.

According to the 2021 Census, approximately 25% of the resident population over the age of 16 were 'economically inactive students' this compared to 12.4% across Camden, 7.2% across London and 5.6% across England. High levels of economic activity are therefore likely due to a large student population in the area.

Despite high rates of unemployment across the LIA, as of July 2021, there was a lower proportion of residents (16 to 64) claiming Jobseekers Allowance or Universal Credit (3%), compared to LB Camden (5%), London (6%) and England (4%).

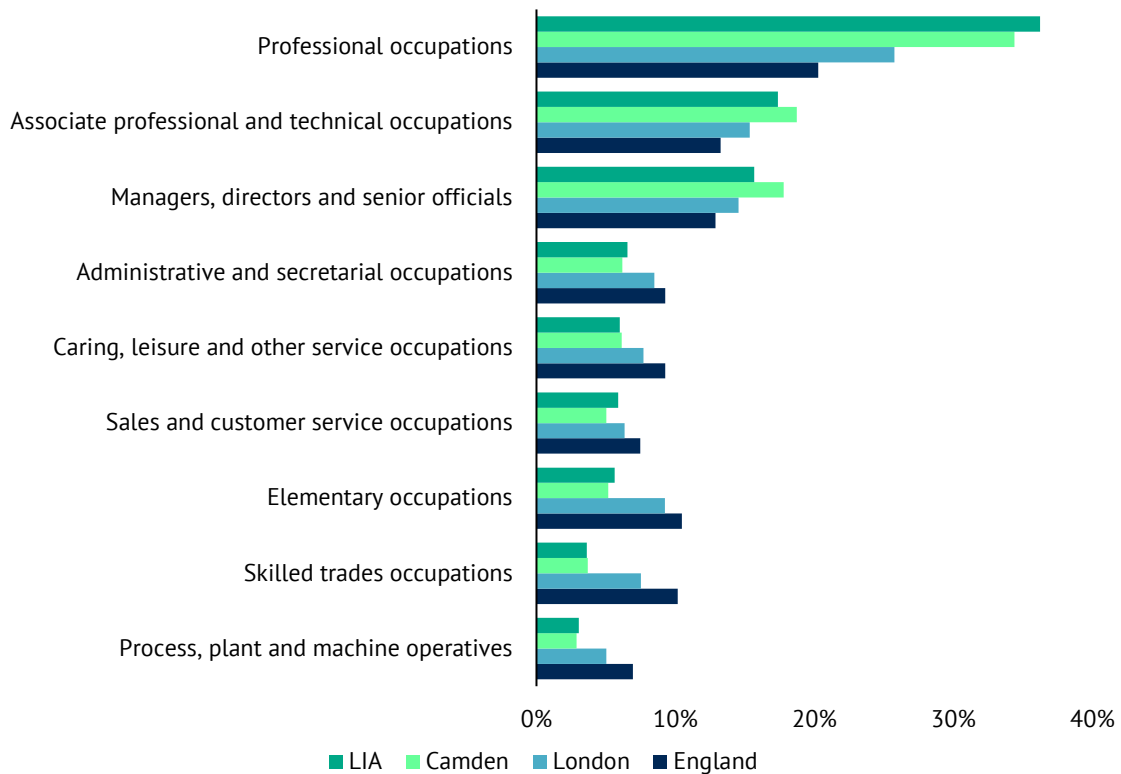
Table 2.1 Labour Market Profile (aged 16+), 2021

	LIA	LB Camden	London	England
Employment Rate	92%	93%	94%	95%
Unemployment Rate	8%	7%	6%	5%
Economic Activity Rate (excluding full time students)	48%	59%	64%	59%
Economic Inactivity Rate	47%	37%	34%	39%

Source: ONS Census, 2021

The occupational structure across the LIA, as summarised in **Figure 2.2** below, reveals a higher proportion of employment within professional occupations (36%) compared to Camden (34%), London (26%) and England (20%). Other significant occupations within the LIA include associate professional and technical occupations (17%) and managers, directors and senior officials (16%).

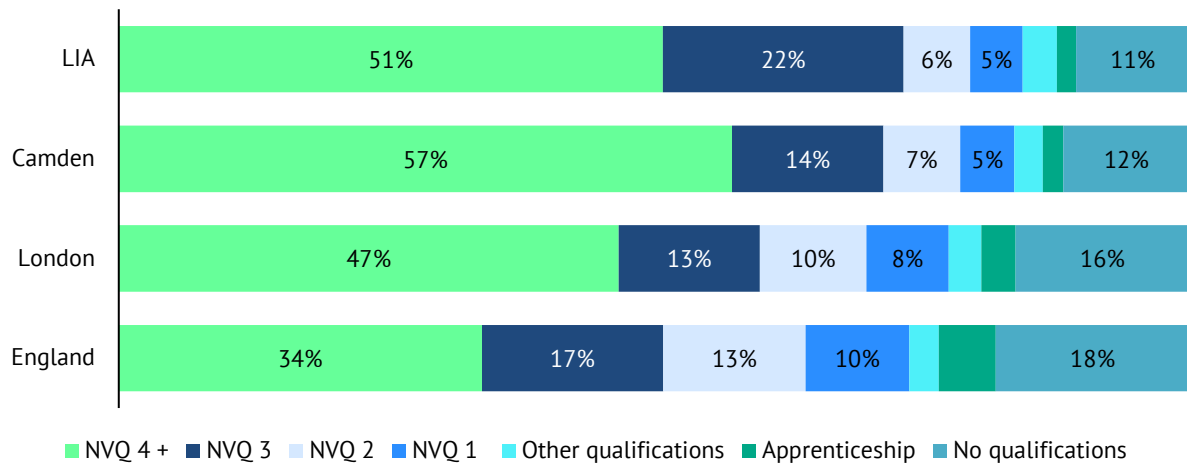
Figure 2.2 Occupations Profile in the LIA, Camden, London and England, 2021



Source: ONS Census, 2021

Qualification levels amongst the LIA resident population demonstrated above average levels of attainment compared to the benchmarked areas of London and England, but lower than borough wide attainment levels. As demonstrated in **Figure 2.3** below, 51% of residents in the LIA hold an NVQ4+ qualification or above, compared to 57% across LB Camden, 47% across London and 34% across England. There are also relatively low levels of residents with no qualifications in the LIA (11%), compared to LB Camden (12%), London (16%) and England (18%).

Figure 2.3 Attainment Levels across the LIA, Camden, London and England, 2021



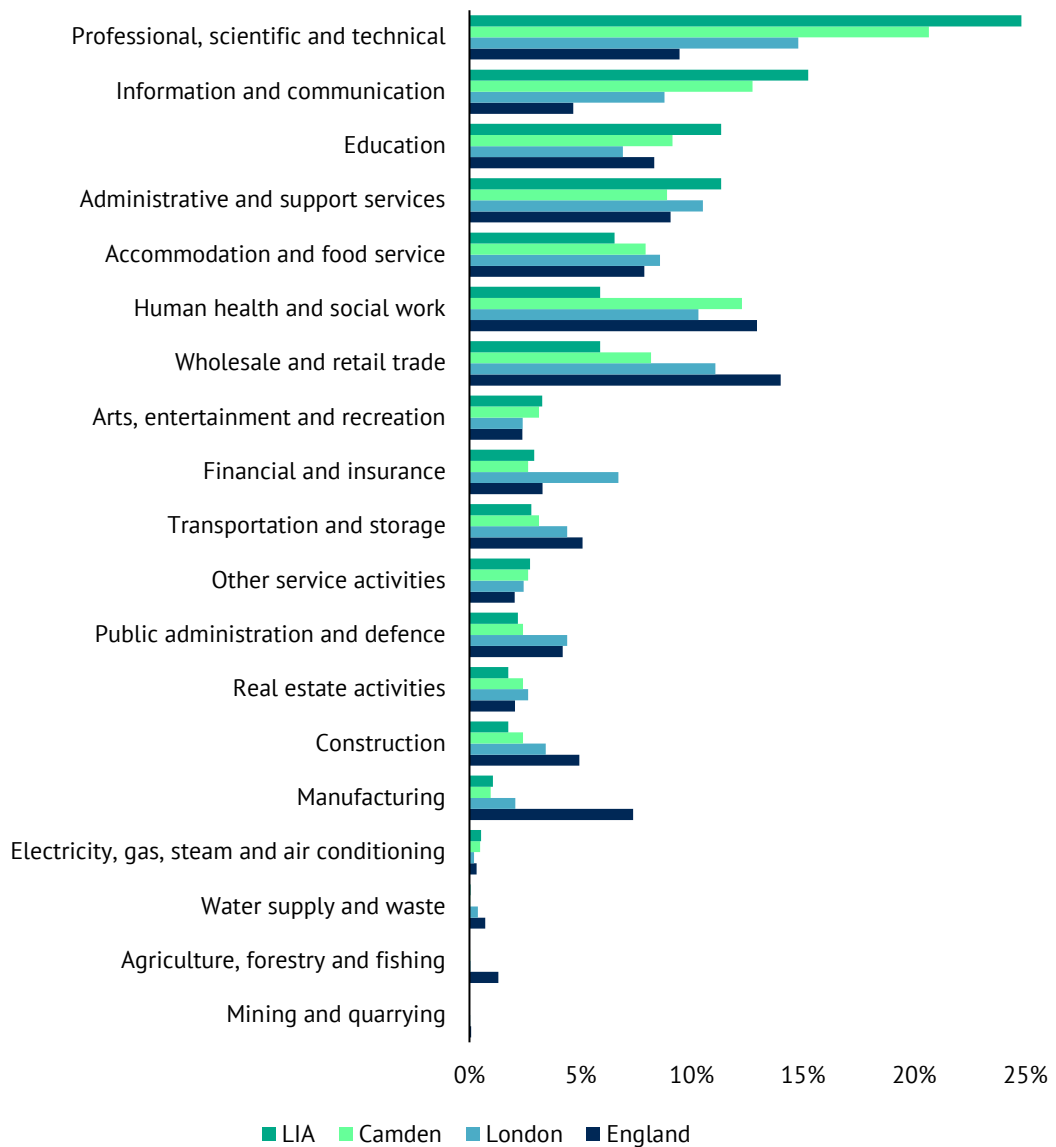
Source: ONS Census, 2021

Employment

As of 2022, there were approximately 229,600 jobs located within the LIA with employment concentrated in the following sectors: Professional, Scientific and Technical activities (57,000), Information and Communication (35,000), Administration and Support Service activities (26,000) and Education (26,000). Employment was also concentrated within these sectors at the LB Camden level with the addition of human health and social work activities. **Figure 2.4** below summarises employment by sector in the LIA in comparison with all other benchmarked areas.

A location quotient (LQ) measures the degree to which a local area is represented compared against the nation as a whole. A LQ >1 indicates a higher level of representation compared to the national average. According to this measure the LIA is highly specialised in the Information and Communication (LQ 3.26) and Professional Scientific and Technical (LQ 2.63) sectors

Figure 2.4. Employment by Sector in the LIA, Camden, London and England, 2022



Source: ONS Business Registry and Employment Survey, 2022

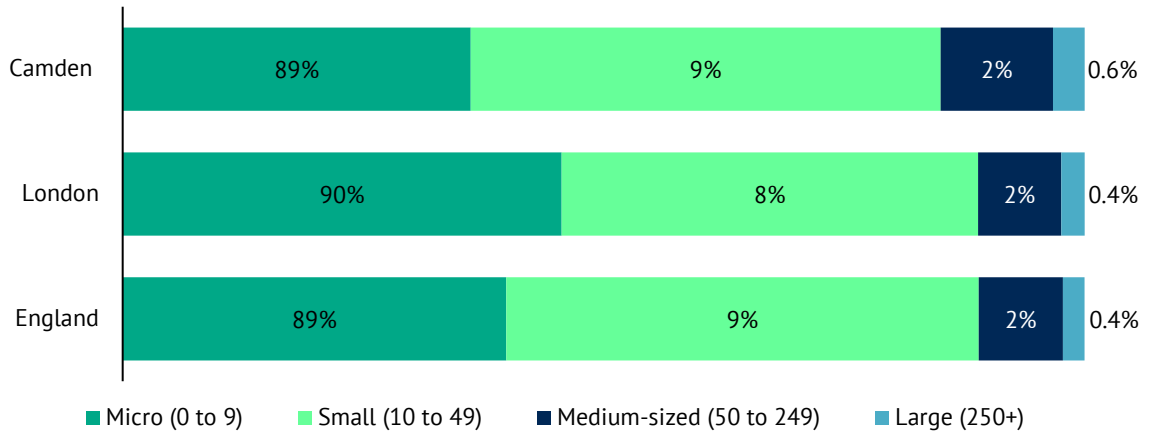
Over the past 5 years for which data is available (2017 to 2022), overall employment in the LIA has grown by 15% (+30,600); a growth rate significantly higher than the benchmarked areas of LB Camden (12%), London (8%) and England (5%). Overall, 71% of employment growth in LB Camden over the last 5 years occurred within the LIA emphasises the Site’s location in an area of strategic economic importance for the borough and wider London economy. Employment growth within the LIA was driven by the Information and Communication (+9,000) and Professional, Scientific and Technical (+5,000) sectors.

Business Base

As of 2023, there were 34,870 business located in LB Camden, representing a 13% growth rate in the business base over the last 5 years. This was significantly higher than across London (4%) and England (2%).

In terms of business size, the business profile of LB Camden is dominated by micro businesses (89%) with the overall business profile across Camden similar to that of London and England. The business profile of Camden, London and England is summarised in **Figure 2.5** below.

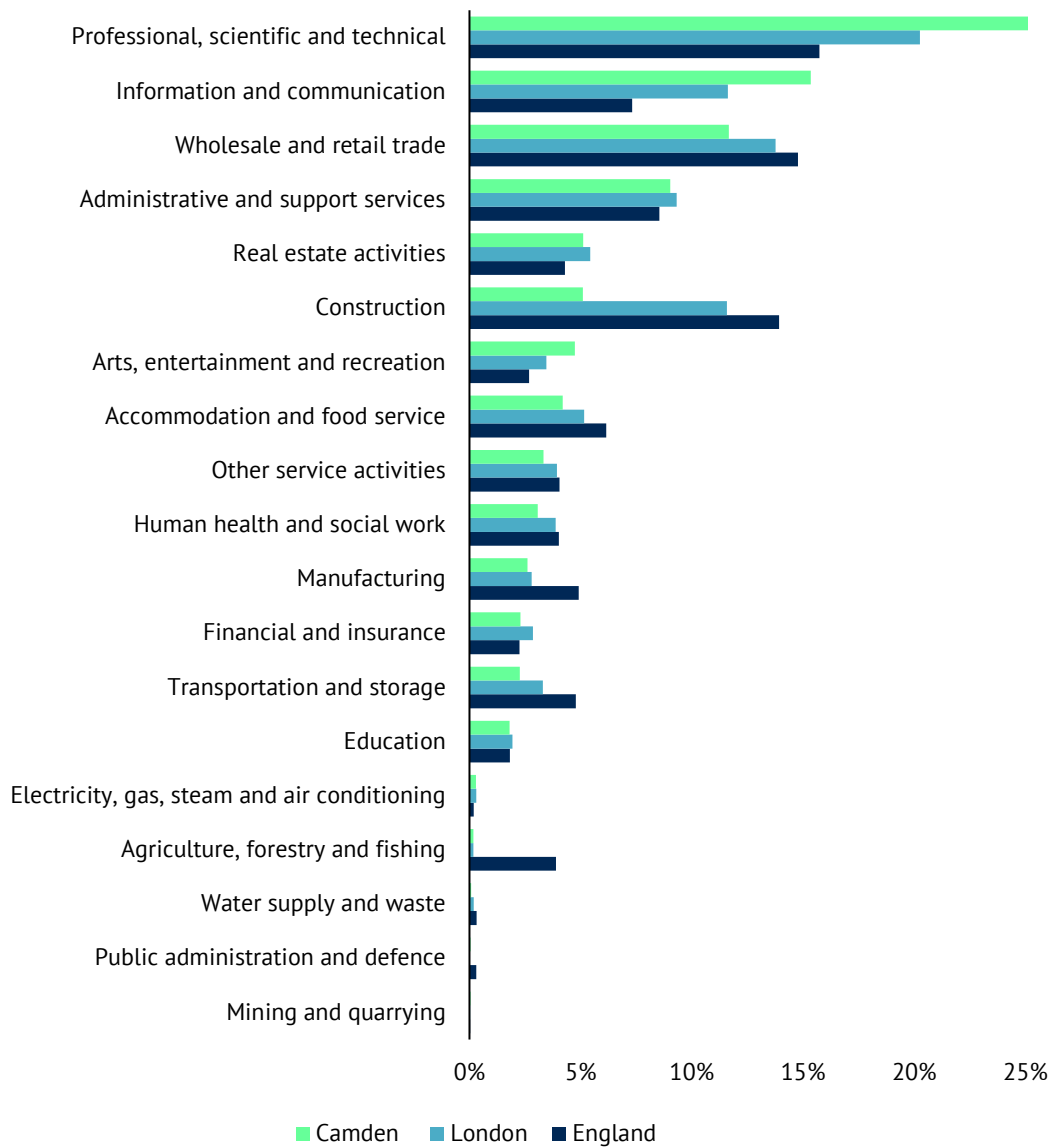
Figure 2.5. Business Size across Camden, London and England, 2023



Source: UK Business Counts, 2023

Further analysis demonstrates that LB Camden’s business base is dominated by the Professional Scientific and Technical (10,000), Information and Communication (5,300) and Wholesale and Retail Trade (4,000) sectors. The concentration of businesses in the Professional, Scientific and Technical sector is similarly reflected at the London level. **Figure 2.6** below illustrates the sectoral composition of the business base across LB Camden, London and England.

Figure 2.6 Business by Sector across Camden, London and England, 2023



Source: UK Business Counts, 2023

Earnings

Looking at resident earnings for those across the LB Camden, using a gross median annual pay figure, resident earnings are higher than those across London and England (£44,973; £41,853; and £35,100 respectively). This does however mask the disparities across the borough that were highlighted in local policy and strategy documents earlier in this Section. Using work-place based earnings, the same trend occurs although the gap between LB Camden and London earnings decreases (£45,326; £44,370; £35,106). **Figure 2.7** illustrates resident and workplace earnings across all geographies.

Overall, workplace-based earnings are higher than resident earnings in LB Camden, with the same trend occurring at the London level, suggesting people are commuting into the borough for the higher paid roles.

Figure 2.7. Median Gross Annual Earnings for Full-time Workers in Camden, London and England, 2023



Source: Source: ONS, Annual Survey of Hours and Earnings, 2023

Commuting

Data from the 2021 Census reveals that the LB Camden is a net commuting in borough, with 23,000 residents commuting out and 101,000 commuting in, resulting in a new inflow of 78,000 people. The most common boroughs for people to be commuting from were Barnet (7,907), Islington (6,360) and Haringey (5,837). For those commuting out they were most likely to be travelling to Westminster (6,575), Islington (2,093) and City of London (1,668). **Table 2.2** below summarises commuters in and out of the borough.

Table 2.2 Top 10 Areas Commuters Flow in From and out to for LB Camden, 2021

Place of Residence	Number of Commuters in Camden	Number of Commuters out of Camden	Place of Residence
Barnet	7,907	6,575	Westminster
Islington	6,360	2,093	Islington
Haringey	5,837	1,668	City of London
Brent	5,538	1,351	Kensington and Chelsea
Hackney	4,219	1,288	Brent
Lambeth	3,805	1,203	Barnet
Southwark	3,780	1,041	Tower Hamlets
Newham	3,567	801	Hammersmith and Fulham
Westminster	3,488	760	Southwark
Waltham Forest	3,483	716	Hackney
Total Inflows	101,000	23,000	Total Outflows

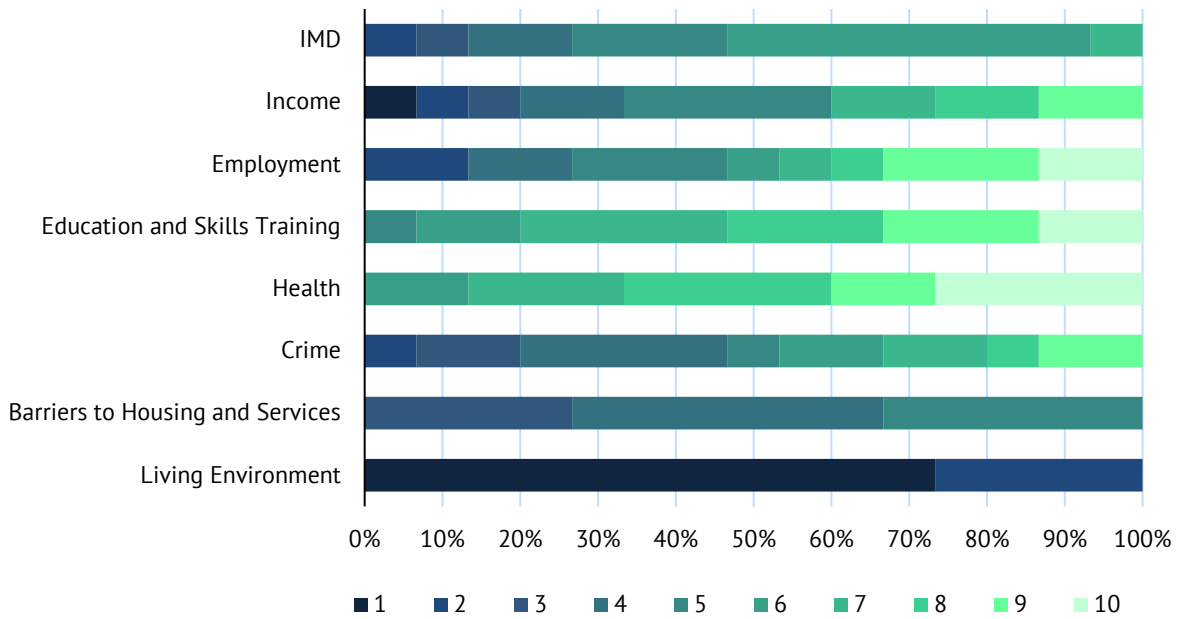
Source: ONS Census, 2021

Deprivation

The Index of Multiple Deprivation 2019 measures the levels of deprivation per LSOA relative to the levels of deprivation seen nationally. Of the LSOAs located within the LIA,⁶ only 7% fall within the 20% most deprived nationally.

In terms of different domains of deprivation, all LSOAs fall within the 20% most deprived nationally according to living environment. **Figure 2.8** below summarises the rank of the deprivation domains located within the LIA.

Figure 2.8 LIA Domains of Deprivation (1 = most deprived, 10 = least deprived), 2019

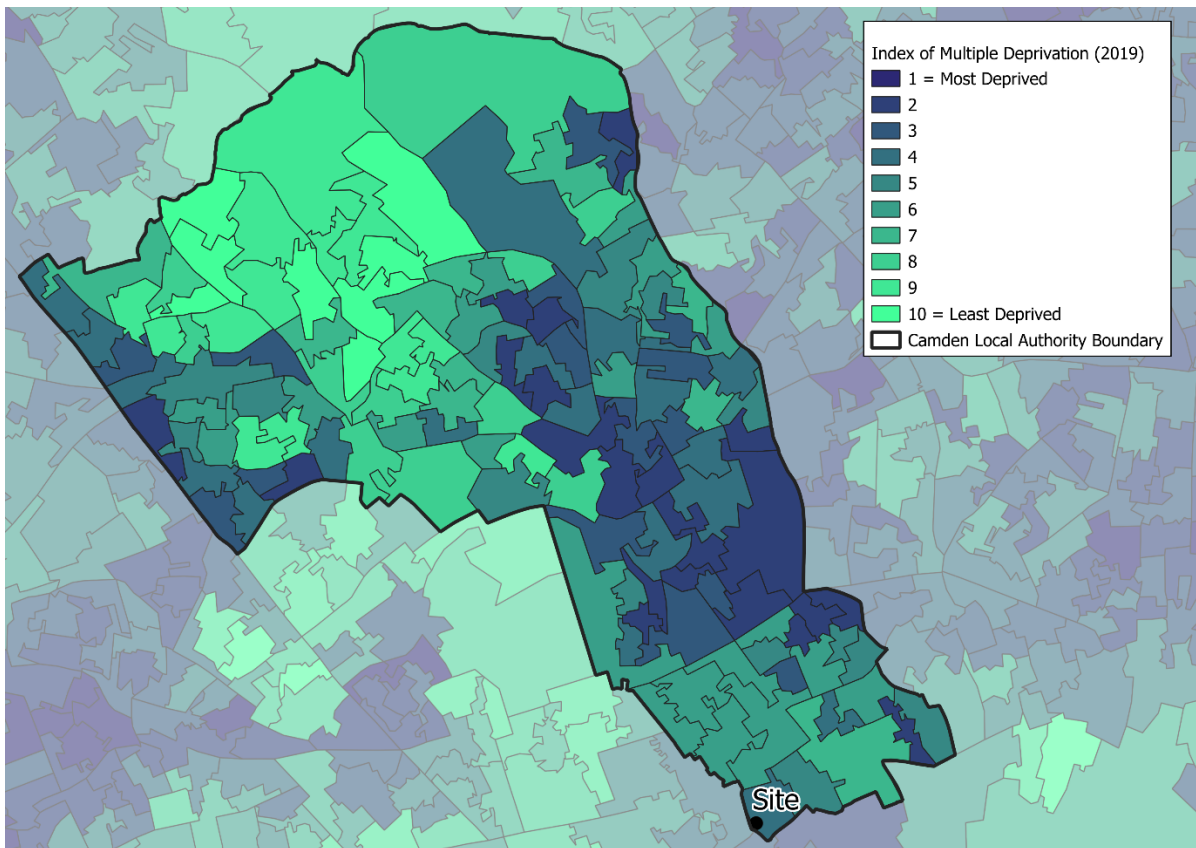


Source: Index of Multiple Deprivation, 2019

In comparison to the LIA, there are higher levels of deprivation across LB Camden, with 17% of LSOAs located within the top 20% most deprived nationally, although these levels are still below the national average. **Figure 2.9** below illustrates deprivation levels across the borough.

⁶ Best Fit LSOAs (2021): Camden 028C, Camden 029F, Camden 026A, Camden 026B, Camden 029H, Camden 028A, Camden 029C, Camden 026^E, Camden 027D, Camden 028D, Camden 028B, Camden 027A, Camden 027B, Camden 027C

Figure 2.9 Index of Multiple Deprivation, Camden, 2019



Source: Index of Multiple Deprivation, 2019

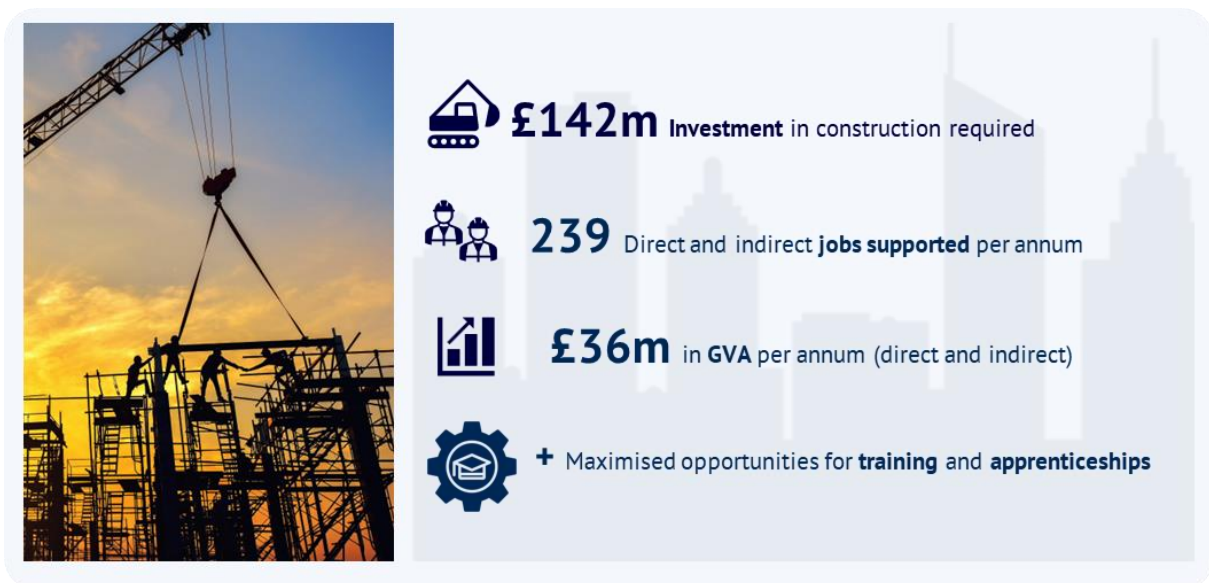
3 Estimation of Economic Benefits

This section of the Statement sets out the economic benefits assessment of the Proposed Development. It focuses on:

- The construction phase, focussing on temporary employment effects
- The operational phase, focusing on direct and indirect jobs, Gross Value Added (GVA) and business rates

All impacts reported in this report are **gross impacts**.

Construction Impacts



The investment by the Applicant into the construction of the Proposed Development will create demand for construction related workers during the build period. The total number of temporary construction workers has been estimated on the basis of a total estimated construction investment provided by the Applicant and the regional average turnover per full time equivalent (FTE) job in the construction sector.⁷

Based on a 3-year construction period, it is estimated that the proposed development will **support 239 jobs per annum in total**. This includes **160 construction jobs per annum**⁸ during the construction period. A further **80 indirect jobs per annum** are estimated through the various tiers of the supply chain such as specialist suppliers and manufacturing.

This estimate is an average level of construction employment over the duration of the build period – the level of workers required could be higher at peak periods of construction activity.

⁷ Based on Office for National Statistics (2024): non-financial business economy, regional results: Sections A to S and Office for National Statistics (2022): Business Register and Employment Survey

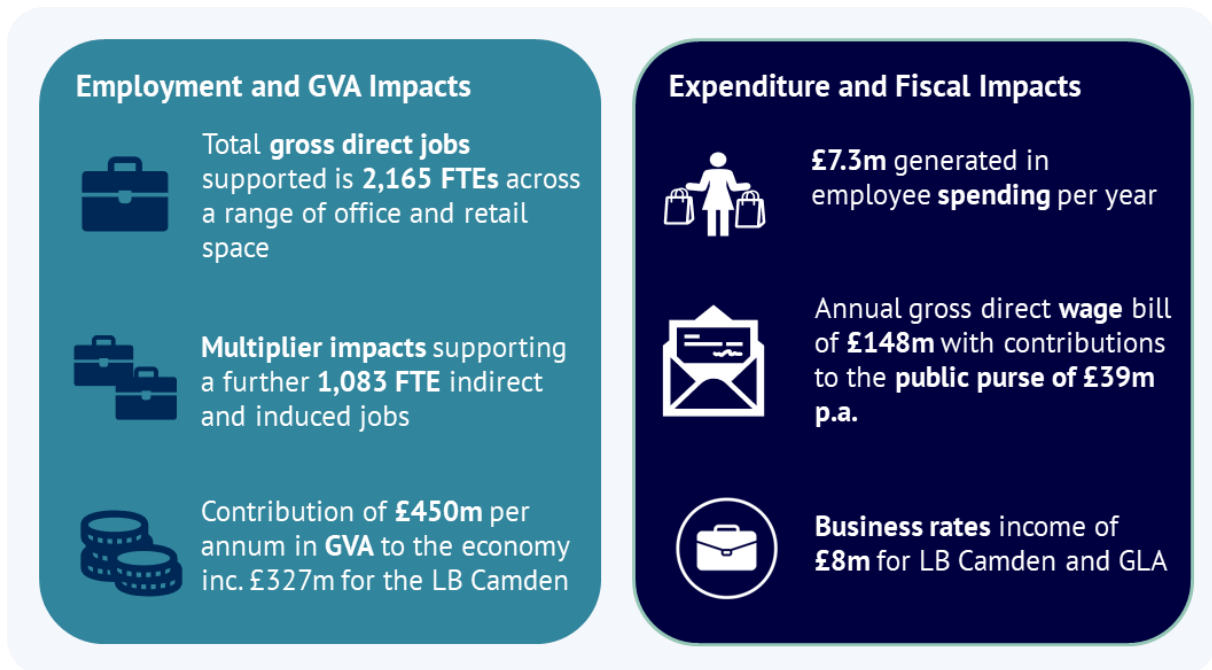
⁸ Note – Due to the fluid nature of the construction activity, these jobs supported cannot be considered as FTEs.

There is likely to be a requirement for some specialist construction companies to be used as part of the construction process. It is anticipated that these contractors may well be from outside of the borough and wider London area. However, there are also likely to be a wide range of sub-contracting packages that would potentially be available to local contractors (e.g. groundworks, civil engineering, brick/block work, plastering, electrical, plumbing) that could help to maximise the local employment impact from the scheme.

Since the GVA per worker in the construction sectors for London was £152,350 in 2024 prices, the direct economic impact of the construction phase of the proposed development in **GVA terms** is around **£24.3million per annum**, with a further **£12.2m in indirect and induced GVA**.

In addition to temporary construction employment opportunities, the Applicant will seek to recruit 47 apprentices in accordance with Camden Guidance. These apprenticeships and training opportunities can have long-lasting beneficial impacts well beyond the construction stage.

Operational Impacts



Employment

The development will provide 33,297 sq. m GIA of office and retail space for Class E uses. Once operational, the proposed development will provide a wide range of long-term benefits with opportunities for local residents to access employment supported directly by the new space.

In order to estimate the likely number of full-time equivalents⁹ (FTE) jobs that would be supported by each type of use class, average employment densities have been applied to the floorspace schedule using the HCA Employment Density Guide¹⁰.

On this basis, it is estimated that the proposed development will support **around 2,165 gross direct FTEs** once operational.

Table 3.1. Estimated Gross On-Site Jobs Supported

Use	Employment Density (sq. m NIA per FTE) ¹¹	Estimated Gross FTEs
Office Space (Level 1-12)	13	2,121
Retail (Ground Floor)	17.5	44
Total		2,165

It should be noted that part of the site is currently being used for meanwhile uses and retail occupiers and as such there is employment on site. There are estimated to be around 111 FTEs on site at present on the ground floor for retail and restaurant uses. The office space in the first to fourth floors and ninth floor is currently being used for theatre and events which are expected to vacate the property by end of September 2025.

It is considered that all 2,165 jobs are additional since any jobs located on site currently are temporary.

Gross Value Added (GVA)

The value of the jobs to the economy can also be measured in terms of **Gross Value Added (GVA)**, a key measure of economic output. GVA is calculated using benchmarks of GVA output per FTE for relevant sectors.¹² This is then applied to the FTE jobs created as a result of the Proposed Development.

It is estimated that the annual gross direct GVA impact of the proposed development, once fully operational, would be approximately **£327m**.

Table 3.2. Estimated Gross GVA Supported by On-Site Jobs

Use	GVA per Job	Estimated Gross GVA
Office Space (Level 1-12)	£151,887	£322.1m
Retail (Ground Floor)	£108,703	£4.8m
Total		£326.9m

Taking into account the economic activity currently supported on the Site, the estimated net additional GVA impacts for Camden equate to £318m million per annum.

⁹ Full-time equivalent (FTE) is a unit that indicates the workload of an employed person. An FTE of 1.0 is equivalent to one full-time employee (typically working 35 hours per week), whilst a part-time employee working half the hours is recorded as 0.5 FTE.

¹⁰ Home and Communities Agency (2015): Employment Density Guide, 3rd Edition

¹¹ HCA Employment Density Guide 3rd Edition, November 2015

¹² Based on Office for National Statistics (2024): Regional gross value added (balanced) by industry: local authorities by ITL1 region and Office for National Statistics (2022): Business Register and Employment Survey

Indirect and Induced Employment and GVA

The proposed development will also deliver a range of positive off-site employment multiplier effects in Camden and London. This refers to supply chain purchases made by the occupiers of the new offices and retail spaces which can support further local employment such as for catering and maintenance amongst other purchases (i.e. the indirect multiplier). It also refers to the expenditure from wages injected into the local economy by both direct and indirect workers (i.e. the induced multiplier) which can also support further local employment.

The extent to which these off-site benefits are captured would depend upon the supply chain patterns of the businesses. Given that this is unknown at this stage, a regional composite (indirect and induced) multiplier of 1.5 has been applied for London.¹³ Using this multiplier, it is estimated that the proposed development could support a further **1,083 FTE indirect and induced off-site jobs** and **£123 million annual GVA**.

Deducting the multiplier effects from jobs that are currently supported on the Site, it is estimated that the Proposed Development will support 1,027 net additional indirect and induced FTEs and £117m of GVA per year across the region once operational.

Employee Expenditure

Research by the GLA¹⁴ indicates that London-based workers spend approximately £14.80 per day (at 2024 prices) on lunch and other office-related spend such as after-work drinks, comfort items, gifts for colleagues, charity, equipment and stationery. Based on 2,054 net direct FTEs once operational, an average of 226 working days per annum¹⁵ this equates to **£6.9 million in employee expenditure per annum**. In gross direct terms, expenditure amounts to £7.3m.

Whilst the economic impact of this is already accounted for in the estimated induced employment impacts set out above, it is worth highlighting that this level of expenditure will help to sustain jobs in the retail sector as well as support the vitality of retail and amenity in the surrounding area.

Employee Wages and Contributions to the Public Purse

Taking into account average annual gross pay for office and retail-based sectors in London, the proposed Development could support a **total gross wage bill of around £148m with a further £58m in wages supported via indirect and induced jobs**. This equates to an average take-home pay of £39,940 per annum and a total of **£52m in contributions to the public purse** in the form of tax and national insurance.

Business Rates

There will be fiscal benefits associated with the proposed development via the payment of business rates. Based on business rates for individual use classes associated with the development, it is estimated that Camden Council will receive around **£8 million per annum** through business rate contributions as a result of the proposed development.

¹³ HCA Additionality guide (2015) for medium category projects.

¹⁴ Greater London Authority, GLA Economic, October 2024, Lost worker vs tourism expenditure in the CAZ

¹⁵ This accounts for weekends, bank holidays and annual leave

The current property has a rateable value of £7.5m considering the office premises, car parks, and the restaurant/bar and retail zone at the ground floor. It is estimated that the current occupiers (retail shops and restaurant) contribute £0.3m of business rates per annum. The Proposed Development therefore supports an additional £7.7m per year in business rates benefits compared to the existing Site. As local authorities retain a proportion of the business rates paid locally, this generates a substantial income for Camden Council which could be spent to support local services such as adult social care, housing, education, and regeneration services.

4 Contribution to Regeneration

This section sets out the contribution which the scheme will make to the regeneration of LB Camden. Where possible the wider impacts are quantified but where this is not possible, these are described more qualitatively. It is clear that the scheme will generate significant wider benefits for the LB Camden and London more widely.

Delivering Against Local Regeneration Policy

The development proposals at 125 Shaftesbury Avenue are well aligned with local and regional policy.

The site is located in the Central Activities Zone (CAZ) which is cited in the **London Plan 2021** as being nationally and internationally significant in terms of the scale and agglomeration of office functions. The scale and quality of the retail offer within the CAZ is also emphasised in the Plan given its global significance as a shopping destination.

The Proposed Development supports current efforts to promote and enhance the CAZ as a competitive business location by delivering, improving and intensifying its retail and office offer. As the development is designed to cater to the demands of a diverse range of tenants, it will enable different sectors in the economy to flourish, supporting business and employment growth. Furthermore, the close location of the Site to clusters in the West End – such as the Arts, culture and entertainment specialist cluster and the West End Retail and Leisure Special Policy Area – is expected to result in productivity gains as businesses get access to a large talent pool, resources and customers.

At the local level, the **Camden Local Plan 2017** cites the West End as an important part of Central London as well as a significant local area. The Proposed Development will help to meet a number of the principles of Policies G1, E1 and E2 by increasing and maintaining employment floorspace, supporting temporary and permanent jobs targeted to local people, and enhancing skills and employment opportunities through training provision, work placements and apprenticeships. This will not only increase the business base and foster economic growth but also ensure the benefits of the development are shared locally.

This is carried forward into the **Draft New Camden Local Plan 2024** which sets out a continued focus on retaining office floorspace to meet economic needs (Policy IE2), providing affordable workspace (IE4), and supporting local business start-ups and jobs seekers through job placements and training programs (IE1).

Responding to the Need for Grade A Office Space

The **London Plan 2021** states that office employment in London is projected to increase by 31% between 2016 and 2041, generating a demand for additional office floorspace of 3.5 million sq. m in the CAZ and the Northern Isle of Dogs. The Plan highlights the need to ensure that there is a sufficient supply of office space and supports new office provision, refurbishment and mixed-use development.

According to a recent report by Oktra (2024)¹⁶, the office market in London has shown a stronger preference for high-quality spaces, but their supply and availability has fallen, indicating a tightening market. The **LB Camden Employment Land Review (2023)**¹⁷ confirms that this is also the case in Camden,

¹⁶ [The Cost of Office Space in London 2024 | Oktra](#)

¹⁷ [Report Employment Land Review 2023-03-28 \(camden.gov.uk\)](#)

as “high-grade office space is in particularly high demand, but that a large portion of supply is within lower quality secondary function stock”.

A report by Central London Forward (2022)¹⁸ highlights the changes in use of offices in central London after the Covid-19 pandemic, identifying that occupiers now see the office as a “*place for collaboration, team building, socialising and face-to-face meetings.*” The LB Camden Employment Land Review (2023) also reports an increasing demand for high-quality meeting and collaboration space instead of desk-based work.

The Proposed Development will provide 32,435 sq m (GIA) of prime office space (grade A) responding to a clear and growing need for this type of space in LB Camden, offering modern amenities and high-quality, flexible working spaces in a prime location in Camden, attracting new talent to the borough.

Providing Affordable Space to Encourage a Diverse Business Base

The Proposed Development will support the Council’s aim to increase the supply of affordable workspace and ‘flexible touch down space’ in the CAZ which is outlined in the **Camden Affordable Workspace Strategy 2023**.

The Proposed Development will directly contribute to these objectives by providing affordable workspace on the ground floor level overlooking the new public realm/community space. The Applicant has held conversations with Bow Arts to discuss the type of affordable workspace required in this part of Camden. The intention is to offer the space to theatre/creative arts tenants in the first instance with a discount of 40% for 10 years .

Each commercial floor area of the building is designed to allow up to three separate tenants but also encourages connection and collaboration, leading to a more diverse and resilient business base. It is expected that the building will provide an important space for small and micro businesses, which make up the majority of businesses in Camden (98%)¹⁹, and have a record of loss of workspace²⁰ and occupation of lower-grade space²¹. The Proposed Development will improve the choice of space for these businesses, offering an Innovation Hub for SMEs and start-up businesses with modern and high-quality premises in an attractive location with excellent access to public transport. This will facilitate an inclusive economy as well as provide an opportunity to attract higher value uses to the area.

Supporting Supply Chain Opportunities

The construction phase of the Proposed Development has a wide range of sub-contracting packages that would potentially be available to local contractors (e.g. groundworks, civil engineering, brick/block work, electrical, plumbing). The LIA presents high levels of specialisms in architectural and engineering activities whilst LB Camden has over 650 businesses engaged in specialised construction activities which correspond to this demand.

¹⁸ [The future of the office in central London \(centrallondonforward.gov.uk\)](https://centrallondonforward.gov.uk)

¹⁹ UK Business Counts, 2023

²⁰ Camden Affordable Workspace Strategy, 2023

²¹ London Borough of Camden, Employment Land Review, 2023

This presents an opportunity for companies based within LB Camden to compete for and win contracts which in turn will bring jobs and growth to the local area, maximising the local impact of the scheme. Investing in local businesses and helping to build their capacity and productivity can also create long-term impacts that extend beyond the construction phase.

The Applicant aims for 10% of the total procurement value of the scheme to be awarded within the LB Camden supply-chain at the construction phase. Where this is not possible, contracts will be awarded to businesses located in the Central Forward area. This will be achieved by promoting opportunities within the local supply chain and working with the council to identify potential local organisations to be considered for tender. This includes signing up to the Camden Local Procurement Code and delivering at least one supplier capacity building workshop / Meet the Buyer event to support Camden's SMEs to tender for construction contracts in relation to the development.

It is estimated that the induced and indirect employment effects generated by the Proposed Development within Camden and London to be around 1,027 net FTEs. Retail and food service businesses are the most likely recipients, many located nearby due to close proximity of the Site to retail clusters and major shopping areas in the West End.

Supporting Local Employment Opportunities and Skills Development

The socio-economic analysis (Section 2) highlighted a number of challenges that the Development will help to address. Key issues include lower economic activity rates, higher levels of unemployment, and higher concentration of unemployment and lower-level occupations amongst ethnic minority groups.

Supporting local employment and skills development has been high on the regional and local policy agenda for a number of years. Policy E11 of the **London Plan 2021** states that development proposals should support employment, skills development, apprenticeships and other education and training opportunities. Policy E1 of the **Adopted Camden Local Plan 2017** highlights the Council's priority to improve access to training for Camden residents. **Our Camden Plan 2025** confirms the borough's focus on equipping young people with the necessary skills and qualifications to succeed in the evolving job market, providing clear pathways for career progression.

'**We Make Camden**' was published in 2022 and sets out a refreshed vision for LB Camden. It sets out six ambitions, one of which is that '*Camden's local economy should be strong, sustainable and inclusive – everyone should have a secure livelihood to support them to live a prosperous life.*' Alongside this, are **four missions**, one of which is focused on young people with an aspiration that by 2025, every young person has access to economic opportunity that enables them to be safe and secure. The council is committed to support people to access good jobs in growing sectors and will help residents find good quality work.

During the construction phase, the Applicant intends to engage an experienced primary contractor with considerable expertise in securing local employment. The Applicant will be seeking a contractor with a commitment to providing apprenticeships who will work in cooperation with the Council to identify locally based candidates to support employment and skills aspirations.

The **Employment and Skills Strategy for the Proposed Development** outlines in more detail how this scheme will contribute to employment and skills aspirations for LB Camden and the LIA during the construction and operation phases. The key points are summarised below:

Table 4.1 Contribution to Employment and Skills

Area	How the Proposed Development will address these issues
Providing local jobs	<ul style="list-style-type: none"> • A total of 239 jobs supported per annum over the construction phase • Work with King Cross Construction Skills Centre to recruit local people during the construction phase • Encourage future tenants of the building to engage with Camden’s Economic Development team to recruit local residents at the end use phase and work with King Cross Recruit to advertise all appropriate job vacancies
Raising skills and aspirations	<ul style="list-style-type: none"> • Seek to recruit 47 apprenticeships over the construction phase • A £79,900 support fee paid to the Council to support construction apprenticeships • Work with the Camden Apprenticeship Brokerage service at the construction phase to support local people into apprenticeships • Encourage future tenants to meet with Camden’s economic development team to discuss their potential to support the council’s aspirations to raise skills levels
Working with Local Schools and Colleges	<ul style="list-style-type: none"> • Work with the Kings Cross Construction Skills Centre to recruit local people for work experience placements during the construction phase.
Maximising Local Procurement Opportunities	<ul style="list-style-type: none"> • Aim for 10% of the total procurement value of the scheme at the construction phase to be awarded to businesses based in LB Camden. Where this is not possible, contracts will be awarded to businesses located in the Central Forward area • Deliver at least one supplier capacity building workshop / Meet the Buyer event to support Camden’s SMEs to tender for construction contracts in relation to the development. • Sign up to the Camden Local Procurement Code. The Applicant will meet with Camden Council prior to the implementation of their scheme to discuss the potential for local businesses becoming part of the supply chain.
London Living Wage	<ul style="list-style-type: none"> • Ensure that staff directly employed by the Applicant will be paid the London Living Wage (LLW) • Reasonable endeavours to ensure that the LLW is promoted for all construction employees and apprenticeships
Financial contributions	<ul style="list-style-type: none"> • A £255,318 financial contribution to assist local residents to receive training to compete for jobs at the Proposed Development and to support local procurement initiatives (subject to viability)

Contributing to Social Value

Edge is a joint venture partner with Mitsubishi, forming VREF Shaftesbury SCS which is the applicant. Edge is a property developer with an overall vision to ‘build a zero carbon world.’ The company has been operating for over 25 years, predominantly in the Netherlands. The company has a track record of working in London for the past six years. As a company they strive to be at the forefront of sustainability and ESG issues. Examples of this include the following:

- The Netherlands Philharmonic practices in one of their buildings in Amsterdam (The Edge occupied by Deloitte) from 7pm every week
- They organised ‘Grab a Tree’ day where they invited the community to grab a tree before a site was demolished. This is a good example of community engagement.
- At Edge London Bridge, they have been working with local schools who have helped paint the hoarding and completed site visits to understand how a construction site operates.

- Edge part own their buildings and in one of these they have a sign language coffee bar where they have partnered with a charity to deliver this. In London they are speaking to coffee brands such as Redemption Roasters. This social initiative helps people who have come out of prison to gain employment at the coffee shop.

Quality Design and Enhanced Public Realm

The Proposed Development will deliver a building with a **distinctive, sustainable and wellbeing-focused design**. The proposals aim to deliver a high quality design that responds to and respects the differing characteristics of the facades across the site and that addresses its sensitive location next door to heritage assets such as the Phoenix Theatre and the former Saville Theatre.

Piercy & Co, an established design firm have been commissioned to work on the interior design of the building. They have a reputation for producing high quality designs and have won numerous awards including the FX Design Award 2024, BCO Regional Award for Innovation 2024 and BD Interior Architect of the Year 2023.

The building is broken down into 12 office floors which will incorporate **flexible workspaces** with different meeting rooms, open plan offices and hot desk. **Shared amenities** will be available throughout the building, encouraging interaction and integration amongst tenants. Green amenities will be delivered on each lower level alongside a green atrium with stairs connecting different levels where people can meet; whilst upper levels will be benefited of further break-out spaces including green terraces and external amenities where occupants can celebrate the site's panoramic views of Soho or the West End.

The **affordable workspace** will be at the rear of the building so that it can engage with the upgraded public realm and nearby Phoenix gardens. Often affordable workspace is located at the lower ground floor, but the proposed location will make this a more attractive environment to work and ensure that the space becomes part of the main building.

The project will **enhance the public realm** surrounding the building. A key aspect of the upgrade includes the provision of two new public spaces in Caxton Walk and Stacey Street alongside a community space at the ground floor level for community use. Activating the street frontages with a safer and well-lit environment will foster vibrancy and vitality at the site as well as help to address antisocial behaviour in the area.

There will be an **increase in biodiversity** through external amenity terraces at multiple levels and new public realm at ground level. The planting scheme will support the Bloomsbury Biodiversity Corridor, increasing access to nature for users, visitors and passers-by. In addition, the planted, terraced internal atrium will bring light and green into the building. This will improve the physical environment in the area which, according to the Access to Healthy Assets and Hazards Index, ranks within the 10% worst performing nationally in terms of blue and green space.

Transport improvements will include exploring the pedestrianisation of Phoenix Street and circulation amendments to Stacey Street to further reduce traffic speed and improve road safety. There will be improved permeability across the site and new, safe connections to the neighbourhoods and communities in the immediately surrounding area, increasing walkability in the area.

Meeting Low Carbon Objectives

The project seeks to **minimise carbon emissions** during both construction and operation, with the goal to achieve at least an 'Excellent' BREEAM rating and rank in the top 10% of new buildings in the UK in terms of sustainability.

Actions for climate change mitigation incorporated into the design include seeking to retain approximately 75% of the existing structure to minimise demolition and the associated carbon emissions; diverting 98% of construction waste from landfill, prioritising its reuse and recycle; installing photovoltaic panels and ensuring an entirely electric operation of the building; and promoting sustainable transport options through facilities for cyclists,²² removing on-site car parking and travel plan measures. The design also considers an environmentally responsive massing and facade, with thermal optimisation of daylighting and sun position.

These efforts will contribute to achieve the project's target to reduce operational carbon emissions by 35%. These actions are also in line with the Draft New Camden Local Plan 2024 which requires landowners to *"upgrade (even relatively recently built) office buildings to meet tighter energy efficiency requirements"*.

²² DSDHA (2024), 125 Shaftesbury Avenue - Design and Access Statement

