

DRAFT LONDON PLAN – DECEMBER 2017
REPRESENTATIONS BY AMAZON UK SERVICES LIMITED
DRAFT POLICIES E4, E5, E7 & T7

a) Introduction

1 These representations are made by Amazon UK Services Limited ('Amazon') and relate to Chapter 6 'Economy' and Chapter 7 'Transport' of the new draft London Plan December 2017.

2 In particular they focus upon the proposed intensification of the use of land for industrial, logistics and related uses through increased plot ratios (draft policies E4, E5 and E7).

b) Amazon logistics operation

3 Amazon operates a range of fulfilment and distribution centres (Class B8 warehouses) from various locations across the country including those which serve London. Although the fulfilment and distribution centres are the beating heart of the distribution business, it is important to note that the operation relies on a number of smaller facilities to both sort parcels for delivery, and so-called 'last mile' facilities which finally arrange the parcels for dispatch to consumers.

4 Amazon has made significant investment in its distribution infrastructure in the UK which is an important and expanding market for Amazon. Amazon is investing in new warehouse facilities to increase its network of customer fulfilment and distribution centres. These facilities range from large warehouses which employ hundreds or thousands of people to smaller delivery stations located close to or within urban areas (so called 'last mile' distribution centres).

5 There is a significant variation in the size of Amazon fulfilment and distribution centres. Typically, buildings can range in size from circa 6,000sqm to 145,000sqm. These facilities have varying requirements but all need servicing areas, loading bays, yards, HGV parking, access roads and vehicle holding areas, which are critical to the successful operation of the business. Therefore, the majority of its distribution facilities utilise plot ratios below 65%.

6 Amazon employs in excess of 24,000 people within the UK. Amazon provides an important e-commerce platform for a significant number of small to medium enterprises and therefore directly supports employment opportunities within these businesses.

7 However, some of Amazon's largest facilities employ in the order of 2,000 – 3,000 people but achieve a plot ratio of circa 30-40%. Lower plot ratios therefore do not necessary mean lower levels of employment and in this respect, it is important that each proposal should be examined upon their particular merits.

8 The logistics sector is important to the UK economy and it is important that these facilities, which bring significant direct and indirect economic developments, are not prejudiced from coming forward by overly prescriptive policies, and that there are positive planning policies which facilitate the development of these important facilities over the plan period in accordance with paragraphs 18-21 of the NPPF.

9 There are also significant benefits in terms of sustainability associated with locating logistics facilities close to the city reducing traffic generation.

c) Policy E4 – Land for industry, logistics and services to support London’s economic function

- 10 Amazon is concerned that policy E4 adopts inconsistent terminology in describing the types of facilities to which this policy is applicable.
- 11 Notwithstanding the title of the policy which clearly includes logistics facilities, the policy makes reference to “industrial floorspace” and “industrial capacity”. Such phraseology could imply the exclusion of logistics (Class B8) uses. The policy should include a clear definition of ‘industrial floorspace’ with explicit reference to logistics as well as industrial uses. It should be made explicit that the policy applies to storage and distribution uses.
- 12 Amazon support the recognition set out in the new draft London Plan of the importance of providing a wide range of industrial, logistics and related uses to support London’s economy including an efficient storage and distribution system which responds to business and consumer demands. Amazon continues to invest in new and expanded distribution facilities. This investment is directly aligned to meeting customer demand and expectations.
- 13 Amazon supports the protection of the best industrial land for Class B and related uses. The draft Plan reports a significant transfer of ‘industrial land’ to other uses occurred over the period 2001 to 2015. Against this background the draft Plan identifies a positive demand for ‘industrial land’ over the period 2016 to 2041, mostly “driven by strong demand for logistics to service growth in London’s economy and population” (paragraphs 6.4.4 refers). It is therefore clear that planning policy needs to support proposals for a range of modern logistics facilities. The implication for boroughs categorised as “Provide” and “Retain” capacity is that they should seek to intensify floorspace capacity to balance supply with demand.
- 14 Floorspace capacity has been calculated on the assumption that potential industrial and warehousing floorspace should be accommodated on sites at a ‘default’ plot ratio of 65%. This is considered to be unrealistic. It appears that no allowance has been made to reflect the requirements of different types of logistics facilities and particular operators, which as evidenced above, can generate very different plot ratios. In this respect, it is clear that a ‘one size fits all’ approach/aspiration does not reflect reality and the need to provide different types of logistics facilities. Furthermore, Amazon consider that this policy would not be sufficiently flexible to respond to changing requirements, and therefore would be unsound.
- 15 Importantly, logistics facilities which achieve plot ratios below 65% are capable of generating very significant levels of employment and provide support to many other businesses, this should be duly recognised by the London Plan. Indeed, the types of facilities operated by Amazon include very significant local employment opportunities and other economic benefits, which typically far exceed those of traditional warehousing operations. Amazon would be happy to provide examples or arrange site visits to existing facilities to demonstrate that the efficient use of a site should not be judged solely on plot ratios.
- 16 The draft London Plan seeks to impose a ‘one size fits all’ approach for new logistics facilities within London. This is inappropriate, inflexible and not based on a sound evidence base and consideration of alternative options. The draft London Plan needs to incorporate greater flexibility in relation to intensification. A default plot ratio of 65% should not be imposed but rather individual proposals should be determined upon their merits. In the absence of such flexibility the existing network of distribution facilities will struggle to meet increasing demands.
- 17 Amazon suggest the following amendment to supporting paragraph 6.4.5:

*“Based upon this evidence, this Plan addresses the need to retain sufficient industrial, logistics and related capacity by seeking, as a general principle, no overall net loss of industrial floorspace capacity across London in designated SIL and LSIS. Floorspace capacity is defined here as either the existing industrial and warehousing floorspace on site or the potential industrial and warehousing floorspace that could be accommodated on site at a 65 per cent plot ratio[83] (whichever is the greater). The **principle of no net loss** of floorspace capacity does not apply to sites previously used for utilities infrastructure or land for transport functions which are no longer required. The reference to a 65 per cent plot ratio is not intended to impose a minimum requirement upon development. Proposed development should be considered upon its merits having full regard to the particular characteristics and operational requirements of different types of industrial and warehouse businesses.” [underlined text is Amazon proposed amendment]*

d) Policy E5 – Strategic Industrial Locations (SIL)

18 Amazon is concerned that reference to ‘intensification’ is also included within policy E5. This would seem to imply the application of the 65% default plot ratio referred to by draft policy E4. For the reasons explained in relation to policy E4 this is inappropriate. The policy should be subject to flexibility which duly recognises the merits of different types of logistics operations.

19 Amazon suggest the following wording be added to Part B of Policy E5:

“4) Policies which promote the intensification of the function of SILs should incorporate sufficient flexibility to ensure that the particular characteristics and operational requirements of different types of industrial and warehouse businesses are fully recognised.” [underlined text is Amazon proposed amendment]

e) Policy E7 – Intensification, co-location and substitution of land for industry, logistics and services to support London’s economic function

20 Policy E7 encourages the intensification of business uses (Class B1C, B2 and B8 uses) on ‘industrial land’. In particular, Part A(5) makes reference to achieving more efficient use of land through the adoption of higher plot ratios. However, this is subject to a caveat, namely “having regard to operational requirements (including servicing) and mitigating impacts on the transport network where necessary”.

21 Part A(5) therefore seems to acknowledge that a ‘one size fits all’ approach (as advocated by policies E4 and E5) in terms of plot ratios is not appropriate and proposals for new logistics warehouses need to be considered upon their merits. Amazon support the flexible approach adopted by policy E7 A(5). Such flexibility and consistency needs to be reasonably included within draft policies E4 and E5.

f) Policy T7 – Freight & Servicing

22 It is critical that sufficient industrial land is made available in order to provide logistics facilities close to major centres of population, such as London and that land availability does not compromise the requirements of specific logistics operations in terms of loading and servicing areas, HGV parking, vehicle holding areas, car parking etc.

23 The London Industrial Land Demand Report (June 2017) demonstrated the difference between the London Region and the rest of the UK in terms of the growth of logistic floorspace. Based on data from the Department for Transport it concluded that “around 10% of goods lifted in both the South East and East of England regions had a London destination. The report notes the supply constrained

nature of the growth. The report projects demand for warehouse land at 280 ha in the period to 2041, however it is important to note that this is based on higher plot ratios, and that if more traditional densities were used this could increase the demand to 402ha. We therefore consider that the plan-making policies in the new London Plan should go further to assess local needs for logistics floorspace and to provide for the needs in full. There would be obvious sustainability benefits to reducing London's reliance on English Regions outside of London to service the growing requirement for goods and changing modes of consumption.

24 Draft Policy T7 supports new distribution facilities subject to a number of criteria. Part E.1 of the policy seeks to deliver a modal shift from road to rail or water. No qualification is provided regarding this requirement. Amazon consider that this policy needs to include greater flexibility whereby it is recognised that it is not always possible for new distribution facilities to be connected by/utilise rail or water transport. The problem is compounded by the supply of suitable and available land to facilitate new logistics facilities and competing uses.

25 At the very least Amazon suggest the following amendment to the wording of Part E.1 of Policy T7:

“E. Development proposals for new consolidation and distribution facilities should be supported provided that they:

1. *where practicable, deliver mode shift from road to rail or water without adversely impacting passenger services (existing or planned) and without generating significant increases in street-based movements” [underlined text is Amazon proposed amendment]*

26 However, in the interests of seeking to support a strong and competitive economy, Amazon would urge the London Plan to adopt a policy that is more positively worded by removing this criterion.

g) Conclusions

27 In summary, Amazon is concerned that the draft London Plan places too much emphasis on achieving intensification of industrial land capacity through increased plot ratios (the default being set at 65%), with little regard to the practicalities of achieving this or indeed the need to provide for a range of logistic facilities. Such facilities have different and specific requirements in terms of servicing arrangements which in turn affect plot ratios.

28 Greater flexibility needs to be included within policies E4 and E5 to recognise the merits of particular logistics proposals. Furthermore, greater recognition needs to be given to the fact that despite logistic facilities not achieving the suggested default plot ratio they can nevertheless be significant generators of employment.

29 In addition to the above the plan should to consider the need to provide a supportive framework to related aspects of the logistics network, including positive encouragement for uses which would support multi-channel retailing in town centres. The changes to the GPDO have gone some way to improving the flexibility in terms of evolving town centres, however, there remains a need to ensure that town centre policies embrace changing consumption practices and are not based on out-dated assumptions about the way people purchase goods.

30 Amazon would welcome the opportunity to discuss these representations with GLA officers and would be happy to provide some example case studies or arrange a tour of example buildings. In the meantime, should you require clarification on any of the matters raised, then please do not hesitate to contact us.