

London Industry and Logistics Sounding Board

Response to the London Plan

2nd March 2018

Overview

The Industrial and Logistics Sounding Board (ILSB) was established in 2017 to provide independent scrutiny on the Draft New London Plan's policies relating to industry and logistics. The board comprises representatives from across the sector including occupiers and business representatives, planning and property experts from the public and private sector, academics. The ILSB welcomes the opportunity to respond to the London Plan.

General comments

The industrial and logistics sectors are central to ensuring not only that London remains economically globally competitive but to make sure that its residents and businesses continue to have access to the range of goods and services that they need on a daily basis. Ensuring the sector can function efficiently underpins the efficient working of the capital's economy and the well-being of its residents. Industrial and logistics sectors account for well over 400,000 jobs in London in a wide variety of industries, from food and drink, repair of motor vehicles, and manufacturing, to logistics, waste processing, and transport. Industrial businesses are key to supporting the success of wider sectors, supplying and facilitating the creative and cultural industries, hospitality and leisure, and construction, and fuelling the growth in tech-based enterprise through distribution of goods and services. As London's economy and population grows, London's industry and logistics sectors will need to respond accordingly.

According to the GLA's evidence base, land for industry and logistics is being lost at three times the anticipated level of release in the current London Plan, a rate which is unsustainable. This is happening despite a policy in the current London Plan to ensure that London protects and retains the land it needs to for these key purposes. It is essential that the draft London Plan ensures an adequate supply of appropriate land for industry and logistics is maintained in the appropriate locations to prevent unsustainable losses of capacity. Where any losses occur these should be rebalanced on a London wide basis through allocating new land of an appropriate or equivalent type in the right locations to ensure London retains the industrial and logistics capacity it needs to sustain the capital's population and economic growth.

The Board's key concerns are:

1. There is **insufficient capacity for industry and logistics in the capital.**

According to the GLA's evidence base, land for industry and logistics is being lost at three times the anticipated level of release in the current London Plan, a rate which is unsustainable. This is happening despite a policy in the current London Plan to ensure that London protects and retains the land it needs to for these key purposes. It is essential that the draft London Plan ensures an

adequate supply of appropriate land for industry and logistics is maintained in the appropriate locations to prevent unsustainable losses of capacity. The consequences of insufficient supply of industrial land are potentially significant – impacting on the supply of jobs, congestion on London’s roads, air quality, and economic growth. Scarcity also creates a vicious cycle, with industrial rent values rising, pricing out businesses and causing relocations, as well as diminishing the attractiveness of redevelopment at higher densities due to the capital cost involved.

2. The **intensification of industrial land is not the silver bullet.**

It will not address the lack of supply of industrial land nor will it enable the potential of London’s growth locations such as Opportunity Areas (OAs) and transport nodes to be realised. Whilst we welcome the policy support for this innovative approach to industrial development it will not work for all types of uses and all industrial sites and typologies. Further research should be undertaken into how and where intensification can be realistically achieved.

3. The **plan should enable an increase in supply of premises for industrial and logistics.**

The plan’s policies should encourage and enable boroughs to identify new industrial sites through the development plan process – this includes bottom up reviews of the green belt, new sites within OAs or new sites in and around town centres, subject to robust evidence. These will be appropriately tested through the plan examination process.

4. There should be **stronger policy protection of industrial uses particularly for non-designated industrial sites.**

The plan should provide greater clarity on how industrial capacity will be balanced against the presumption in favour of development of small sites for housing. The plan needs to recognise the importance of non-designated sites and the role they play in supporting local economies and communities. Non-designated industrial sites constitute around 36% of London’s industrial land and provide a source of lower cost workspace in the capital. The loss of a large amount of this capacity could have a significant impact, both locally and strategically, particularly where this affects small businesses, the servicing of the Central Activities Zone and the operation of town centres.

5. Policy should recognise the **need for open yard and storage space.**

This should be a golden thread throughout the policies on industry and logistics. Policy should recognise that this space is critical to the operation of business and is a fundamental component of particular uses such as distribution centres and is required for transport functions such as lorry parking, notably for drivers on rest breaks. In particular, policy E7 should recognise that yard space should be re-provided in new developments and should be a priority for new logistics hubs.

Specific Comments on Draft Policy:

Policy GG5 – Growing a good economy

We support the recognition in part C of this policy that industrial space is essential is key to supporting economic development and regeneration – however, the need for space for logistics to underpin London’s economy should also be acknowledged by this policy. The policy should also recognise that industrial and logistics jobs provide a wide variety of employment, training and skills opportunities, particularly in areas outside of central London and within Strategic Areas for Regeneration.

Policy SD1 – Opportunity Areas

Opportunity Areas (OAs) are defined in the plan as “London’s principal opportunities for accommodating large scale development to provide substantial numbers of new employment and housing ... with a mixed and intensive use of land and assisted by good public transport accessibility”.

There is a mismatch part B (5) of the need to maintain industrial capacity within Strategic Industrial Locations (SILs) in OAs and the ability for OAs to meet and exceed the plan’s growth targets. If OAs are to realistically achieve these targets, it will be necessary to release industrial land to achieve this. Whilst we welcome the plan’s proposed approaches to intensify industrial land uses to release capacity for further industrial and logistics uses or for mixed use including residential, this is not the solution that will enable the growth potential of OAs to be realised. We comment on this in more detail in our response to policy E7, however, in short, multi-storey developments will not be feasible or viable on all sites.

Whilst we support the principle of ‘no net loss’ of industrial capacity – we query whether this is a realistic policy objective, given the wider requirements of the London Plan. If this is to be achieved, the plan needs to enable boroughs to take a more flexible approach to identifying new industrial capacity including identifying new industrial sites in appropriate locations through the development plan process. We comment on this in more detail in our response to policy E4-E7 below.

The policy should also cross reference to the requirements of policy T7A on freight transport impacts.

Policy SD1 should also encourage the provision of new sites for industrial and logistics, particularly for last mile delivery and other functions to service the needs of future residents and businesses in the area.

Policy SD4 – The Central Activities Zone

We welcome part M of this policy that requires capacity for industrial and logistics to be identified and protected. However, this policy should go further to require boroughs and stakeholders to identify the scope for publicly and privately owned land to provide business space for last mile distribution/urban logistics, freight consolidation, storage, and other industrial and logistics uses. This may assist in addressing the issues around affordability of land.

Policy SD6 – Town Centres

This policy should be amended to encourage the provision of new last mile delivery/urban logistics facilities on suitable sites within or near town centres.

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

Part C of the policy states that the retention and provision of industrial capacity across SIL, LSIS and non-designated sites should be planned monitored and managed having regard to the borough level categorisations. This categorisation at figure 6.1 and table 6.2 stipulates that new industrial capacity should only be provided in a small number of boroughs/areas including Enfield, Brent, Ealing, Sutton and Wandsworth and the OPDC. The board are strongly of the view that the provision of additional industrial capacity should be encouraged and enabled across all London boroughs through the development plan process subject to a robust evidence base. As per our detailed comments on policy E7 below, intensification and co-location, should not be relied upon as the only solution to deliver additional industrial capacity – other solutions may be required to identify new industrial sites including bottom up reviews of the green belt, new sites within OAs or new sites in and around town centres, subject to the provision of a robust evidence base. These solutions are best determined at borough level and will be fully tested through the local plan examination process.

Part C of the policy should also cross reference to policy E7 on non-designated industrial sites to clarify how the ‘not net loss’ principle applies to these sites.

Parts C and D of the policy should be amended as follows:

*C The retention ~~and provision~~ of industrial capacity across the three categories of industrial land set out in part B should be planned, monitored and managed, having regard to the industrial property market area and borough-level categorisations in Figure 6.1 and Table 6.2. This should ensure that in overall terms across London there is no net loss of industrial floorspace capacity (and operational yard space capacity) within designated SIL and LSIS. **The provision of new industrial land and premises is encouraged but should be managed proactively through the development plan process.** Any release of industrial land in order to manage issues of long-term vacancy and to achieve wider planning objectives, including the delivery of strategic infrastructure, should be facilitated through the processes of industrial intensification, colocation and substitution set out in Policy E7 Intensification, co-location and substitution of land for industry, logistics and services to support London’s economic function. **It can also be achieved by land use swaps and the allocation of new sites through the development plan process where there is no net loss of industrial capacity.***

D The retention and provision of additional industrial capacity should be prioritised in locations that:

1) are accessible to the strategic road network and/or have potential for the transport of goods by rail and/or water transport

- 2) provide capacity for logistics, waste management, emerging industrial sectors or essential industrial-related services that support London's economy and population*
- 3) provide capacity for micro, small and medium-sized enterprises*
- 4) are suitable for 'last mile' distribution services to support large-scale residential or mixed-use developments subject to existing provision.*

Policy E5 – Strategic Industrial Locations

We welcome the continued recognition of SIL as the main reservoir of industrial and logistics land in London and that SILs should be managed by boroughs through the plan-led process. We agree that boroughs are best placed to manage this.

Whilst we welcome the encouragement of innovation through co-location and intensification of SILs to manage land release particularly within OAs, it should be recognised that intensification may not be deliverable or viable on all SIL sites. Boroughs must carefully manage the overall supply of land in and around SILs, ensuring no net loss through the allocation of new sites – including those currently used for non-industrial uses – through the development plan process. As per our comments on policy E4, the plan should encourage and enable this. Policy E5 and paragraph 6.5.3 should be amended accordingly.

This policy however, does not recognise the need for continued investment in strategic infrastructures including power, water, digital connectivity and transport to support the continued success and growth of SILs. The policy should also recognise the important role SILs play in supporting London's night time economy.

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

We support what we believe to be the overarching aim of this policy, to encourage more efficient use of land in employment areas and enable better integration of industry, logistics and other uses. This will potentially make industry a more visible and recognised part of London.

Whilst we welcome the encouragement of innovation in industrial and logistics development, we are concerned that the policy's principles are as yet untested in London both from a development and an occupier/operator perspective and are unlikely to be achievable on all sites for various reasons including development viability, site size and layout or development constraints. While the sector welcomes opportunities to explore innovative approaches, the practicalities of operational requirements need to be taken into account, for example when developing cross-dock facilities, large logistics hubs, and designing servicing and yard space. The financial realities of capital investment and pre-lets to incentivise development need to be considered. As such, this policy is unlikely to be the silver bullet that will deliver

sufficient industrial capacity nor optimise the potential growth from highly accessible locations such as transport corridors, transport hubs, town centres and OAs.

Intensification is only likely to work in areas where there is high demand. This will ensure that the costs of delivering multi-storey schemes can be recouped through rental income. New formats of industrial uses are, as yet, untested in a London market and again may only be attractive to occupiers where there is a lack of alternative space in the area. Most importantly, innovative forms of industrial and logistics space, such as multi-storey development will only work where they can be viably delivered. We are therefore concerned that there is limited evidence to demonstrate if and where this innovative type of development will work in London. The GLA should undertake more work on this matter and clarify pre-Examination in public how and where intensified industrial uses can be viably delivered.

The intensification and co-location should be industrial led and not residential led – for the design of new industrial and logistics development to work adjacent to residential it must be given priority in terms of its operational needs. The policy should recognise that co-location with some uses may not be compatible with residential such as cross docking facilities.

The development of mezzanines (Policy E7 part A1) is occupier-driven and, when considering the ‘no net loss of floorspace’ principle, should not be considered as replacement of industrial floorspace with appropriate floor loading and eaves heights.

Part C of the policy should use clearer terminology, for example, does intensification mean mixed use development or more intensive use for industrial and logistics use? Is the intensification intended to provide the capacity for introducing residential uses through co-location? Does co-location mean the separation of industrial and residential uses or can this mean residential uses above a logistics hub for example? Better definitions should be provided so as to avoid any confusion in the interpretation and application of this policy.

The plan should allow boroughs to identify new industrial sites in appropriate locations such as near arterial routes, adjacent to rail, air and water interchanges, in and around town centres and appropriately sized logistics hubs within OAs. In some circumstances, it may be appropriate to use land use swaps or bottom up reviews to release low grade previously developed brownfield land including greenbelt locations through the local plan process, subject to a robust evidence base. These new sites can then be used to rebalance against any losses of industrial capacity to enable mixed use development including residential to come forward.

The 50% threshold for SIL and LSIL sites will mean that most sites will need to go through the viability tested route. We do not consider that it reflects the costs of delivering intensified industrial uses and may act as a deterrent to intensification of existing sites and potentially slow the speed of housing delivery. The plan should therefore clarify if this is the intention of the proposed threshold. This policy objective could also undermine the plan’s other objectives to seek to deliver affordable workspace through Section 106 obligations.

In certain locations, there may also be opportunities for co-location of non-residential uses – such as offices – on industrial sites. This policy should encourage local authorities to work with local businesses and land owners to identify such areas in their Local Plans.

Policy D12 – Agent of Change

We welcome the agent of change principle. This will be fundamental to protecting existing and new industrial and logistics uses in the capital and ensuring their continued use. However, the policy should be strengthened to go beyond wider impacts that just noise and recognise that issues such as traffic, vehicle movements, vibrations, dust and odour will also need to be taken into account. Consideration should be given on how this will be managed in the long term to take into account new industrial occupiers of the same premises or future expansion of the existing premises that may introduce new industrial activity, so that these can be safeguarded against potential complaint.

Policy M1 – Monitoring

We welcome the Key Performance Indicator that measures the availability of industrial land. However, it only seeks to measure the net loss of industrial and warehousing floorspace in designated industrial locations. There should also be monitoring of change in floorspace on non-designated sites, as well as monitoring of the loss of operational yard space, in order to give a more accurate picture of the impact of the Plan as a whole on London's industrial capacity.

Freight and Servicing (T7)

Whilst ILSB are in favour of the Plan's aims to facilitate sustainable freight movement in London, strategic and major road infrastructure networks is not given enough prominence. We would encourage collaboration to ensure road infrastructure is developed and strengthened in the right way, particularly along the A10 M25 and M11 routes to strengthen supply chains with both existing and future economic clusters