

<b>ORGANISATION</b>	<b>LONDON FIRST</b>
<b>ID</b>	<b>1588</b>
<b>MATTER</b>	<b>M62 LAND FOR INDUSTRY, LOGISTICS AND SERVICES TO SUPPORT LONDON'S ECONOMIC FUNCTION</b>

**M62. Are policies E4, E5, E6 and E7 consistent with national policy and would they be effective in helping to ensure that sufficient suitable land and premises are available to meet the quantitative and qualitative needs for all foreseeable types of industrial activity over the plan period? In particular:**

**a) Are the industrial job growth projections and associated estimates of land and floorspace requirements justified?**

1. London First is aware that some of the sectors and sub-sectors concerning industry, logistics and services are changing significantly at a rapid rate and therefore considers that projections for demand must be closely monitored and regularly updated to ensure that the objectives of the Plan's policies are being achieved and remain fit for purpose. The boroughs will also need to maintain an up-to-date evidence base regarding demand in their local areas.

**b) Is the aim of ensuring no overall net loss of (i) industrial floorspace capacity and (ii) operational yard space capacity across London in designated Strategic Industrial Locations (SIL) and Locally Significant Industrial Sites (LSIS) justified and realistic, and would achieving that objective ensure the availability of a sufficient quantity of land and premises for industrial uses?**

1. London First supports the overarching objective of no net loss of industrial capacity by making industrial land work harder through industrial intensification, co-location and substitution, and thus allowing the release of some land for other uses, including housing. To achieve large-scale regeneration and deliver the levels of growth that London needs, the spatial approach requires some inherent flexibility.
2. Much of London's existing industrial land, particularly within SIL and LSIS designations, is based upon historic locations and often overlaps with Opportunity Areas (OAs) and growth corridors, which are earmarked for the

delivery of significant numbers of new homes. London First recognises that it is a very difficult balance to strike in ensuring that London has enough land for industry, including logistics and warehousing, to meet the needs of residents and businesses whilst also maximising the delivery of new homes, especially in highly accessible locations. The Minor Suggested Changes support a more holistic appraisal of industrial capacity in terms of intensification, land swaps, and release of industrial land across an area.

3. London First supports the new insertion at paragraph 6.4.5B, introduced as part of the Minor Suggested Changes to the draft Plan in August 2018, which clarifies that, *“The principle of no net loss of industrial floorspace capacity applies to overall areas of SIL and LSIS, and not necessarily to individual sites within them”*. London First further supports new paragraph 6.7.2A, which states, *“These approaches may be supported by land swaps within the SIL or LSIS, within the borough or in collaboration with neighbouring authorities”*.
4. These insertions, introduced through the GLA’s Minor Suggested Changes in August 2018, allow a more pragmatic approach to the no net loss approach. This has the potential to create a more sustainable outcome that is better aligned with the Good Growth objectives.
5. However, London First wishes to seek clarification regarding some terminology in Policies E4 to E7 of the draft Plan. The wording for Policies E4 and E7 in the draft Plan, and their supporting text, makes references to *“industrial capacity”* in some instances and *“industrial floorspace capacity”* in others (for example, both within the same paragraph at E4C). The current wording in the draft Plan is therefore somewhat confusing. The former reference allows for a more sophisticated assessment of capacity that can be tailored to the specific circumstances of a case – for example, site area, job opportunities or accommodation – that does not necessarily fall into the conventional floorspace definition such as essential yard space. Indeed, the draft Plan acknowledges at paragraph 6.4.3 that, *“Industrial land and floorspace provides the capacity for the activities above to operate effectively.”* London First therefore submits that all references to *“industrial floorspace capacity”* should be replaced with *“industrial capacity”* to ensure consistency and clarity.
6. If industrial capacity, and intensification, are assessed purely in floorspace terms, this approach fails to acknowledge the differences between different sectors. Cubic volume is often a more effective measure of capacity and provides a better comparison of efficiency between older and modern accommodation.
7. In terms of operational yard space capacity, London First agrees that this needs to be protected to a certain extent; but again, flexibility and pragmatism are required. Redevelopment of industrial land allows for more efficient arrangements that better meet modern needs. Protection of the historic status quo is not necessarily the most sustainable outcome.

**c) Are the borough-level capacity categorisations (“retain”, “provide”, or “limited release”) set out in Table 6.2 justified, and would the proposed approach ensure a sufficient quantity of land and premises in different industrial property market areas?**

1. London First supports the categorisations and the spatial approach to focus release in the Thames Gateway, subject to ongoing monitoring and updating of locationally specific demand projections.

**d) Are there parts of London where significant amounts of additional industrial land are likely to be needed in addition to that which is currently in use and/or designated?**

1. London First does not have any specific suggestions for locations; however, it is important to plan for the increasing convergence of retail and logistics requirements in central London, town centres and residential districts in the form of last mile facilities and parcel delivery pick-up facilities. In particular, the Plan must ensure that there is adequate land designated in central London for logistics and last mile servicing.
2. It should also be borne in mind that OAs, due to their significant growth in housing numbers, will see huge increases in demand for last mile deliveries. Opportunity Area Planning Frameworks and Area Action Plans should therefore positively plan for this to ensure efficient and sustainable transport patterns.

**e) Is the approach to assessing floorspace and yard space capacity set out in paragraph 6.4.5 – 6.4.5B based on existing floorspace or floorspace assuming a 65% plot ratio (whichever is greater) justified and would it be effective?**

1. London First agrees that having a benchmark plot ratio in the Plan is a sensible approach to assessing the industrial capacity of cleared sites. However, setting this at 65% is not reflective of real-life situations.
2. London First’s members within the planning and development sector advise that a 65% plot ratio is challenging for many industrial developments to achieve and that different uses within the industry, logistics and services sectors have very different plot ratio requirements. For example, achieving a 65% plot ratio is especially challenging for the growing logistics sector: their occupiers need to store and serve large delivery fleets onsite to serve the growing e-commerce market.
3. As stated above in respect of (b), London First supports the new insertion at paragraph 6.4.5B, introduced as part of the Minor Suggested Changes to the

draft Plan in August 2018, which clarifies that, *“The principle of no net loss of industrial floorspace capacity applies to overall areas of SIL and LSIS, and not necessarily to individual sites within them”*. This supports a more holistic appraisal of industrial capacity in terms of intensification, land swaps and release of industrial land where this results in a more sustainable outcome that is better aligned with the Good Growth objectives.

**f) Is the approach set out in Policy E7D towards “non-designated industrial sites” (36% of total amount of industrial land) justified and consistent with national policy?**

1. London First considers that this is an overly prescriptive approach. Policy E7 should allow for some flexibility according to the density of the existing use and its feasibility for re-use.

**g) Would policies E4–E7 provide an effective strategic context for the preparation of local plans and neighbourhood plans?**

1. The approach set out in Policies E4 to E7 of the draft Plan is generally very prescriptive and does not allow the boroughs much flexibility to develop their own Local Plan policies tailored to the specific needs of their particular area.
2. It is not necessarily the most sustainable solution to retain the historic status quo; instead, the spatial strategy needs to optimise the right uses in the right locations to achieve the Good Growth objectives and deliver the levels of growth that London needs to achieve its targets. Land should only be retained for industrial use in the right locations, reflecting the current and future – rather than historic – needs of London’s economy, and should provide good access to transport. The Plan should acknowledge that some losses of industrial capacity may occur in order to maximise the potential of growth corridors, Strategic Areas for Regeneration, OAs and areas where there is planned investment in transport infrastructure and an aspiration to deliver high-density development.
3. In this regard, it is helpful that the new insert at paragraph 6.7.2 of the draft Plan states, *“Masterplans should cover the whole of the SIL or LSIS”* and new paragraph 6.7.2A states, *“These approaches may be supported by land swaps within the SIL or LSIS, within the borough or in collaboration with neighbouring authorities”*. This approach will help ensure that opportunities for intensification are optimised and opportunities for land swaps, where there is a sustainable imperative for doing so, are not missed.
4. In parallel, to ensure no net loss of industrial capacity at a strategic level, boroughs should be encouraged to identify new industrial sites in suitable locations, such as those near arterial routes; those adjacent to rail, air, and water interchanges; in and around town centres; and those in appropriately-

sized logistics hubs within OAs. These new sites can then be used to rebalance against any losses of industrial capacity, enabling mixed-use development, including residential, to come forward in the most sustainable way.

5. Some SIL and LSIS designations straddle local authority administrative boundaries. In these circumstances, the GLA has a strategic role to play by encouraging and supporting those boroughs working together in a collaborative way to ensure the most sustainable outcome. An explicit reference should be made to this in Policy E5B to make it more effective in terms of the preparation of Local Plans and Neighbourhood Plans.
6. In light of the above points, it is proposed that Policy E4C should be amended to read as follows:

**C**     *The retention, enhancement and provision of additional 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 allocation of new industrial sites, identified through borough development plans and justified by robust evidence, and the use of land swaps to maintain the supply of industrial land will be supported. Any release of industrial land in order to manage issues of long-term vacancy ...***

7. London First supports the new insertion at Policy E4A (9A) of the draft Plan that seeks to include “*research and development of industrial and related products or processes (falling within Use Class B1b)*” in the list of industrial and related functions that should be provided for.
8. In respect of Policy E5: Strategic Industrial Locations, London First agrees that SIL should be proactively managed through the development plan process and supports the policy’s provisions to make more efficient use of land within SIL designation. Many SILs overlap with OAs and identified growth corridors, including major infrastructure investment projects, such as Crossrail 2 and the Bakerloo Line Extension. London First does not believe that the intensification of existing uses within SIL will deliver sufficient capacity to meet the wider growth potential of such locations. Policy E5 should enable boroughs to identify new SIL through the development plan process, enabling the release of land within SILs that have significant potential to deliver new housing, within specifically identified OAs and growth corridors.
9. In these terms, Policy E5B should include an additional point (4) which states that:

**B** *Boroughs, in their Development Plans, should:*  
*(4) allocate new industrial sites to provide additional capacity including where this will enable the release of land for housing in defined Strategic Areas for Regeneration, Opportunity Areas and growth locations*

**h) Are policies E4–E7 clear about how they would be implemented through the determination of planning applications, particularly in terms of the role of “planning frameworks” and “a co-ordinated masterplanning process in collaboration with the GLA”, and the relationship between policies E5D and E7B?**

1. London First supports the approach set out in E5D and E7B of the draft Plan in terms of a plan-led approach so that development plans, planning frameworks and masterplans are in place to inform the assessment of planning applications and prevent a piecemeal approach. The publication of the GLA’s *Practice Note: Industrial intensification and co-location through plan-led and masterplan approaches* (November 2018) is welcome in this regard.

**i) Is Policy E7F, along with Policy SD2, likely to be effective in terms of facilitating the substitution of some of London’s industrial capacity to related property markets beyond London’s boundary, and would achieving such an objective contribute to the achievement of sustainable development?**

1. London First supports the approach set out in Policy E7F of the draft Plan. London’s economic markets have a complex relationship with the wider South East and should not be assessed in isolation. Active, ongoing collaboration with neighbouring authorities should be encouraged to identify opportunities where land swaps and substitution of industrial capacity may support the more efficient use of land and result in a more sustainable outcome.
2. The issue is a complex one, and therefore London First supports E7F’s stance that this should be considered through the Local Plan process. A balance also needs to be struck between the desire for some businesses to move farther out in order to lower their rental costs and others needing to remain in central London because they need to serve a local market. In particular, if last mile operators cannot satisfy their development needs within Greater London and are driven out into the wider South East, there is a risk of increasing vehicular movements and air pollution because service hubs are located farther away from the ultimate customer. This would contradict the Mayor’s Transport Strategy.

**j) What evidence is there about the feasibility of delivering schemes on industrial land that would lead to the provision of net additional industrial floorspace along with the provision of significant numbers of new homes on the same site?**

1. One of the suggestions in Policy E7A of the draft Plan to intensify use of industrial land is the “*development of multi-storey schemes*”. Some examples of multi-storey industrial schemes exist on the Continent, but it remains a largely untested concept in the UK. This type of accommodation only works for certain types of occupiers, so the developer will be taking on a great deal more risk by reducing their potential target market for occupiers. The location of a site, land value and potential rental income will also all have a bearing on the level of commercial risk.
2. In this context, the feasibility of providing multi-storey industrial accommodation on a site, in order to release part of that site for new residential development, remains unviable for most developers. The GLA has not presented adequate evidence to demonstrate that viability can work on such schemes to provide a meaningful source of new land supply for housing. The policy climate set by the Plan needs to provide greater financial incentivisation for developers to take on that risk, otherwise this element of the spatial strategy will not deliver the housing potential that the Plan envisages.
3. Therefore, London First agrees that this is an interesting concept to explore in London through the Plan; however, it carries significant commercial risk and the planning policy climate needs to be more positive – most notably in reducing the Affordable Housing Threshold for industrial land from 50% to the standard 35% – otherwise this new concept will not bring forward any significant levels of new supply. It is not the panacea for maintaining industrial capacity and releasing surplus land to deliver more housing.

**k) How would policies E4–E7 affect the implementation of Policy GG4 “delivering the homes Londoners need”?**

1. As stated above in respect of (j), the Spatial Development Strategy carries a risk in relying on the intensification of industrial land to release land for housing and provide any meaningful additional source of supply to increase housing delivery and meet the Plan’s targets. This is because it is a relatively untested concept in the UK, and developers feel that the draft Plan Policies E4 to E7, coupled with H6: Threshold approach to applications, do not currently provide adequate financial incentivisation for them to take on the additional risk of delivering this type of accommodation. This undermines the strategic objectives of GG4 and the contribution that E7 can make.