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Dear Sir/Madam

OPDC Draft Community Infrastructure Levy (CIL) Examination – Examiner's Questions Response

I write further to your email dated 12th September 2023 regarding the OPDC Draft Community Infrastructure Levy ('CIL') Examination. The email explains that the Inspector has asked two initial questions of OPDC, questions ED-001 and ED-002. ED-001 relates to the Planning Obligations Supplementary Planning Document (SPD) and the funding of infrastructure through s106 agreements and ED002 requests clarification as to whether any third parties would like to appear at an examination.

The two questions are published alongside OPDC's formal responses and your email invites representors to comment on these documents and whether they wish to have a hearing of rely on written representations.

This letter responds to this request and should be read in conjunction with our formal consultation response letter dated 23rd January 2023.

Background

As explained in our representations, Prologis is one of the largest developers of industrial logistics buildings within London and across the UK. The company has built, delivered and managed over 4.5m sqm of industrial floorspace across 22 'Prologis Parks' and continues to invest in strategic employment locations, creating high quality business environments for a range of occupiers.

Prologis currently owns four warehouse properties within OPDC, in Park Royal and where appropriate, will redevelop these sites to deliver world-class warehousing and logistics facilities to meet the growing needs of its customers and London as a whole.

As previously explained, Prologis is a market leader in the sector with considerable global experience in the delivery of multi-level industrial floorspace and has undertaken a significant amount of research

and analysis of the UK commercial market to understand, in detail, the requirements of prospective users.

As a leader in the market Prologis is currently exploring innovative developments which can make the best use of the limited space available. These development focus on the optimisation of on-site density and the facilitation of urban intensification including the delivery of large scale multi-storey buildings. These objectives are supported by the GLA and the OPDC and accord with the adopted London Plan and Local Plan.

Industrial Viability and Delivery

The delivery of industrial development, and particular innovative multi-storey developments, present specific challenges particularly in relation to viability. The delivery of these types of buildings is new to the UK market and therefore the technical and viability considerations have been untested.

As set out in our representations, Prologis has fundamental concerns with the Viability Study which was used to inform and assess the impact of the draft charging schedule on new industrial developments in the OPDC area. These concerns relate to the overall approach to the assessments as well as the detail and assumptions which have been used to inform the appraisals. In the representations, Prologis offered to meet with OPDC officers to discuss these concerns and help provide additional evidence to inform the viability assessment as an active developer in the market with considerable experience and expertise. This meeting took place, however, specific comments regarding the concerns on the viability assumptions were not taken into account.

It is noted that since the consultation on the draft charging schedule and the submission of representations, OPDC has instructed the preparation of a revised viability study, dated May 2023. This document has not been subject to a revised consultation process and has therefore not been appropriately scrutinised by those parties who submitted representations to the consultation in January this year.

Furthermore, the draft charging schedule's proposed rate for industrial floorspace (which falls within the 'All other uses' category) has not changed in response to the representations received and the per sqm cost proposed is still £35.

Prologis is therefore extremely concerned that the viability basis on which the draft charging schedule is based has not been rigorously reviewed or scrutinised and would present significant challenges to the delivery of industrial development within OPDC.

Process

Paragraph 035 (Reference ID: 25-035-20190901) of the [Community Infrastructure Levy Guidance](#) states:

"A charging schedule must be examined in public by an independent person appointed by the charging authority. Any person asking to be heard before the examiner at the examination must be heard in public. The examiner may determine the examination procedures and set time limits for those wishing to be heard to ensure that the examination is conducted efficiently and effectively."

It is noted that representations to the draft charging schedule consultation were received from other industrial developers in the sector including Segro and GLP. Both of these representations also raised significant concerns around the viability assumptions and concluded that a CIL rate should not be charged for industrial and warehouse development on the basis of the viability evidence presented.

Prologis has not been provided with the opportunity to provide further comments or representations on the revised viability assessment despite raising significant concerns during the initial consultation process. In addition, there remain concerns around the draft charging schedule in relation to industrial floorspace which should be debated in public before the CIL charging schedule is adopted.

In accordance with the guidance, please take this letter as a formal request that Prologis would like to attend an examination of the draft charging schedule specifically to discuss the viability assumptions and evidence and the subsequent proposed CIL rates.

Summary

Prologis submitted formal representations to the draft charging schedule in January 2023. Prior to the consultation on the draft charging schedule an update to the viability assessment has been prepared in response to the issues raised in representations. This updated viability assessment has not been subject to public consultation nor has it been appropriately scrutinised by the public.

For these reasons and the reasons set out in the previous representations, Prologis request that an examination takes place and would like to appear to discuss these matters.

We look forward to hearing from you. In the meantime, please let me know if you have any questions.

Yours faithfully



Adam Donovan

Planning Director

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