

LONDON INDUSTRY AND LOGISTICS SOUNDING BOARD

WRITTEN STATEMENT FOR M62 – INDUSTRY, LOGISTICS AND SERVICES TO SUPPORT LONDON’S ECONOMIC FUNCTION

Introduction

These representations are submitted on behalf of the London Industry and Logistics Sounding Board (ILSB) and represent the collective thoughts and views of key representatives of the industrial and logistics sector, including operators, developers, occupiers, London Boroughs, research groups and statutory bodies.

When considering the response to industrial and logistics matters within the Draft London Plan, it is of paramount importance to recognise the changing nature of the industrial and logistics sectors within London, and the sheer diversity of the types, scale, nature and needs of businesses operating within these markets. The policies of the London Plan should reflect the diverse nature of the sectors, recognising that the nature and needs of businesses change depending on a number of factors including the type of operation and its location. For example, the needs of an owner occupier providing a service at a neighbourhood scale (such as vehicle repair) differ greatly to a multi-national logistics company operating from an established and well-connected Strategic Industrial Location (SIL).

The London Plan should also reflect the structural shifts that have occurred within the market in recent years, particularly the rise of e-commerce and the ever-increasing demand for last-mile deliveries to service the growing population across London. Such a shift has in turn commanded a specific market response in respect of physical infrastructure and warehousing requirements, with factors such as cubic capacity, efficient yard space and servicing becoming ever more important.

The significant and accelerated losses of industrial land experienced within London over the past decade is of grave concern to the industry, particularly in central locations. The London Plan should seek to address and halt this previous historic trend, protecting industrial land at all levels and spatial scales, and positively promoting the delivery of new industrial land and floorspace to ensure London can sustainably meet the needs of its people and businesses in the future.

This statement sets out the ILSB’s response to M62 and each of the questions raised by the Inspectors. Each question is addressed in turn, and where appropriate includes recommendations for amendments to the London Plan (which are also shown as tracked changes in the Appendix). The statement concludes with the ILSB’s overarching assessment of the Draft London Plan as currently worded in the context of the NPPF (2012) tests of soundness.

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?

- l) The London Plan indicates at 6.4.4 that, once the established pipeline of residential development on industrial land is accounted for, demand for industrial land capacity across London will vastly outstrip supply by in excess of circa 605ha. These forecasts suggest that ‘no net loss’ of capacity is not sufficient and more land/intensification is needed to address the significant undersupply of industrial premises across London.

- II) The 2014 demographic projections published by the GLA show that a continuation of short-term trends would increase the population of London by 1.9 million persons over the period from 2011 to 2031, representing 95,000 residents per annum¹. The increased demand placed on local industrial uses and services (including vehicle repair, local trade and last mile delivery services) must be planned for with regard to increasing capacity rather than focusing merely on 'no net loss'.
- III) As discussed in our opening statement, structural shifts in the market (and in particular in the urban logistics sector), mean that change within the sector is rapid, and the dramatic change in the London Plan's evidence base in just the last few years is reflective of the fast pace change occurring in the sector and the challenges faced. Within this context it is essential that the needs of the industry are regularly reviewed throughout the implementation of the plan.
- IV) Associated with the above point, the industrial policies of the adopted London Plan have not been appropriately implemented, as evidenced by the amount of industrial land released to alternative uses in recent years well exceeding the established London Plan monitoring benchmarks. To ensure this is not repeated, the supply of and demand for industrial land in London needs to be closely monitored and far more effectively implemented than in recent years.

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?

- I) Non-designated industrial sites represent circa 36% of London's industrial capacity and are critical to its function. These sites represent a key source of local industrial supply for services and facilities, for example mechanical garages, final mile delivery depots, builder's merchants and flexible industrial space which support local communities. The narrowness of the policy approach described above is not justified, as it conflicts with the evidence base in terms of the importance of Non-Designated Industrial Sites to London's industrial supply.
- II) Additionally, the policy is not clear in respect of defining 'no net loss', and uses language interchangeably between "floorspace capacity" and "industrial capacity". This creates huge uncertainty and ambiguity which must be clarified before the plan is adopted to ensure that the policies are effective in their intent. Given the wide ranging floorspace requirements of operators falling within the broad category of 'industry and logistics', ILSB suggests that the London Plan should use no net loss of 'land' as the basis of the policy approach, albeit allowing for some managed release where the requirements of Policy E7 are fully met.

¹ Keep London Working, SEGRO (2017) - http://www.segro.com/~/_media/Files/S/Segro/documents/Keep_London_Working/SEGRO-Keep-London-Working_Report.pdf

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?

- I) In view of our comments made in A)i) above, the ‘limited release’ classification is not justified and would not ensure a sufficient quantity of land and premises to meet the future growth needs of London. We therefore propose the removal of this categorisation from the London Plan.
- II) Central London has experienced huge decline in industrial land within recent years, and given competing market pressures, is a very difficult location to find and provide new industrial floorspace. The Mayor’s Transport Strategy and London Plan Policy T7 seek to reduce the number of freight vehicles on the road and utilise more sustainable modes of transport – such as cycles and electric vehicles, which rely on short journeys. If these objectives are to be achieved, new last mile facilities are needed in central locations. To ensure that policy is effective in addressing the existing undersupply and achieving the Mayor’s freight objectives, we propose that all Central London Boroughs are categorised as “provide capacity”.
- III) Local Planning Authorities should look to redundant facilities (such as big box retail units, underused car parks and surplus transport infrastructure – e.g. depots) as potential new sources of supply for last mile facilities in central locations. Such facilities would need significant levels of investment to repurpose/redevelop the existing site, and to include electric charging points. Security of tenure, by way of policy protection, would therefore be required to support the level of investment needed.

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?

- I) In direct response to question d), we consider that yes, there are parts of London where significant amounts of additional industrial land are likely to be required. This includes within Opportunity Areas (where an increase in employment and population will place significant demand for local industrial services); within Central London (where demand will be driven by the need to improve supply chain efficiencies and access to business consumers); and along arterial routes within London (to help address the structural shifts in the industry and logistics sector – in particular the rise of e-commerce).
- II) Opportunity Areas are the key growth areas in London for new commercial development, housing and infrastructure. The job growth and population growth delivered in these areas will exert specific pressures for local industrial services and logistics activities². Currently Draft London Plan Policy SD1 (Opportunity Areas) states that Opportunity Areas should “support and sustain SIL and other industrial capacity by considering opportunities to intensify and make more efficient use of land”. We advise that this should be extended and expanded to require Boroughs to ensure that the local industrial needs which arise from new growth are fully assessed and planned for within the Opportunity Areas themselves.
- III) The above is especially important in areas such as Old Oak and Old Kent Road, where existing industrial land is being lost to facilitate the planned growth, which as we have noted will in itself place much greater pressure on industrial land activities.

² What Warehousing Where?, Turley for BPF (2019) - <https://www.bpf.org.uk/events/what-warehousing-where-london>

- IV) Central London is another location where we expect significant amounts of additional industrial land are likely to be needed – see C) ii-iii above.
- V) Finally, we consider that a Green Belt Review (ideally at the strategic scale) should be undertaken to address the London’s unmet industrial requirements. Land which fails to meet the five key purposes of the Green Belt (as set out in the NPPF) and which is capable of delivering sustainable development (by virtue of its connection to key arterial transport links) would contribute hugely to helping to service London’s industrial and logistics needs.

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?

- I) As a general response, we consider the floorspace-based approach to managing industrial supply is too blunt an instrument to be used at a strategic level and creates a significant bias towards high density uses (such as self-storage), to the exclusion and detriment of many industrial activities which rely on large yards, particularly urban logistics which is a significant area of growth within London.
- II) Added to this, whilst we accept that there is increasing potential for new multi-level logistics/warehousing space in London, it is as yet untested, and any delivery in the years ahead is likely to be limited to only the strongest industrial markets.
- III) As a result of i and ii above, we feel that a floorspace-based policy approach will not achieve the amount and mix of industrial activity needed to meet London’s varied industrial demands in all locations (especially in Outer London) as it excludes many uses which rely on operational yard space. We therefore propose that the rigid application of “no net loss” of floorspace should only be relevant to mixed-use/co-location schemes and proposals for industrial land release, to avoid policy inadvertently restricting industrial redevelopments which are market-led (i.e. premises with appropriately sized yards).
- IV) We have significant concerns about the proposed 65% plot ratio as a tool for managing and monitoring industrial capacity, and the type and extent of new industrial development that this mechanism might deliver. The requirement to re-provide existing floorspace or 65% plot ratio in new industrial development would, in some cases, create inappropriately designed premises with insufficient yard capacity to cater for logistics vehicles and operational needs. Imposing the 65% plot ratio would in some instances compromise the ability to meet the objectives of the Mayors Transport Strategy, as constrained yard spaces impact upon the safe turning and movement of vehicles both within and outside of the site. Overall, we do not believe the 65% ratio to be justified.
- V) Notwithstanding our concerns about the floorspace-based approach, where it is to be applied to the processes outlined in Policy E7, from a market and operational perspective, we consider that a more appropriate measure would be a minimum plot ratio of 40%. This would ensure that mixed-use/co-location schemes and developments achieving industrial land consolidation could provide for a more varied range of industrial needs, including those uses which require operational yard space.

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?*

- I) Draft London Plan Policy should better recognise the importance of non-designated sites to industrial capacity across London, and the influential role these sites play in local communities to provide both local services and employment opportunities.
- II) These types of sites are particularly threatened by the London Plan’s small sites housing policy (H2), and it is therefore vital that London Plan Policy enables protection of these sites given they represent 36% of London’s current total industrial capacity.
- III) In this context, Part 4 of this policy is considered far too weak and leaves these sites vulnerable to loss to alternative uses, and so the ILSB propose that it is removed.
- IV) Furthermore, we propose that the evidence needed to demonstrate that there is ‘no reasonable prospect’ of the site being used for industrial and related purposes is strengthened. We propose that once it has been demonstrated that the premises have been unsuccessfully marketed, further evidence is required to demonstrate that redevelopment/repurposing of the site for an industrial use is not viable and feasible. We also suggest that this evidence is subject to independent assessment to ensure such tested schemes are market facing and appropriate.

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

- I) The ILSB advise that as currently worded, Policies E4-E7 do not provide enough clarity and coherence for Local Planning Authorities, Neighbourhood Forums and applicants. The SPG proposed by the GLA is therefore essential, and the ILSB hope to play a key role in the preparation of this guidance.
- II) We support the plans intention within Paragraph 6.7.2 which enables Local Planning Authorities to have flexibility with regards to land swaps, as there may be instances where this could deliver more sustainable development and better located industrial premises from a supply-chain efficiency perspective. Greater emphasis should be placed on this point within the plan, and assuming that no net loss of industrial results, and that new development is better located in industrial terms, then land swaps should be supported through a plan led approach.
- III) The Draft London Plan entwines together ‘industrial’ and ‘logistics’ sectors which we advise is a weakness of the plan, as the location and development specification requirements of the freight industry are distinct from other industrial services. For instance, the relationship with the wider supply chain; the reliance on the road network; and the importance of operational yard space to on-site operations are essential for logistics development, and are not always quite so necessary for parts of the industrial sector. Acknowledgement of the distinction between industry and logistics would benefit the implementation of the Draft London Plan at borough level, as boroughs would be better equipped to effectively plan for distinctive needs.

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?

- I) Policies E4-E7 as currently worded do not provide enough clarity and coherence to ensure their efficient implementation by Local Planning Authorities and applicants. Again, further guidance through a SPG is essential. We support the Draft London Plan’s commitment to this document coming forward, however advise this is within a timely fashion after the plan adoption.
- II) The current wording of the London Plan is unclear on exactly how opportunities for industrial land swaps could be managed, particularly in the instance of an applicant-led approach, whereby applicants may own significant land within a borough, or multiple boroughs. This approach to industrial development is reliant on the future SPG which will need to provide clarity and certainty for boroughs and applicants alike.

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?

- I) Similar to our response in Part g and h), the London Plan is not sufficiently clear regarding how the loss and re-provision of industrial stock beyond London boundaries will be managed, monitored or controlled. Further guidance being brought forward within the proposed SPG is essential for the success of substitution, and at present, its effectiveness is questionable.
- II) In general terms, we consider the principle of substitution to be unsustainable from a London-wide perspective due to the need for industrial uses being integral to the functioning of London, particularly when considering last mile services. If more industrial capacity is forced outside of London, it will compromise the Mayor’s Transport Strategy which seeks to minimise freight and vehicular traffic. For instance, vehicles operating from a micro-distribution centre located within the market it serves can far more efficiently respond to consumers, than a regional distribution centre outside of London. Ocado is a member of the ILSB, and has advised that one of its delivery vans can replace the car based supermarket trips of 25 customers – this has clear freight efficiency benefits, particular if the hub that Ocado delivers from is close to the consumers it serves.
- III) There may be strategic supply chain benefits to substituting poorly located industrial sites with higher quality and better located industrial development (which may include sites in the Green Belt). A strategic London-wide approach to assessing needs and defining new locations for industrial development would be more effective than a local Borough focussed one.

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?

- I) Significant industrial intensification (to facilitate industrial land consolidation) and co-location (mixed-use industrial/housing development) are both largely untested forms of development

within London. As such, housing numbers generated through this type of development should be treated as windfall and not part of a borough's housing land supply due to current uncertainty in respect of deliverability.

k) How would policies E4-E7 affect the implementation of Policy GG4 "delivering the homes Londoners need"?

- I) If policies E4-E7 are implemented as we expect (i.e. with the objective of protecting industrial land and only supporting consolidation/co-location where this would not compromise industrial operations and capacity), then we would not anticipate that Policy E7 will deliver a significant quantum of housing. This may however, change in the medium-long term, if the trends towards multi-level and other forms of industrial development become more common place.
- II) In the event that housing land sources currently identified in the London Plan evidence base are not sufficient to meet housing needs, the ILSB would support a Strategic Green Belt Review as an additional source for housing supply. In our view this would be far more justified and sustainable than taking a more flexible approach to industrial land protection given the significant identified need for industrial premises within London, and the sustainability benefits of locating this space within the city.

Conclusions in the Context of Paragraph of 182 of the NPPF (2012)

- 'No net loss' of industrial capacity (however it is measured) assumes that existing supply is sufficient. As the Draft London Plan indicates that demand will exceed supply once the current development pipeline is accounted for, this approach is not justified, and would not be effective in its aim of ensuring a sufficient supply of industrial land and premises.
- The interchangeable references to "floorspace capacity" and "industrial capacity" is unclear and so will not be effective in its purpose.
- The narrow focus on SILs and LSIS as a basis for monitoring industrial supply is not justified given the important role of non-designated industrial sites.
- The use of the category 'limited release' is not justified in a context where demand is greater than supply. The categorisation of Central London boroughs as 'retain capacity' is not justified given significant losses in this location in recent years, nor will it be effective in contributing to minimising freight trips (as required by Policy T7 and the Mayor's Transport Strategy).
- The use of floorspace as a basis for industrial capacity is not justified, nor is the use of 65% plot ratio as a measure for industrial floorspace re-provision.
- Without a SPG to clarify the intended implementation of the Policies E4-E7, they will not be effective in their aims.

Appendix 1

The enclosed Appendix does not contribute towards the wordcount of M62, however is included to reflect the nature of our statements. The remainder of this page is intentionally left blank.

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

A sufficient supply of land and premises in different parts of London to meet current and future demands for industrial and related functions should be maintained [and closely monitored](#), taking into account strategic and local employment land reviews, industrial land audits and the potential for intensification, co-location and substitution (see [Policy E7](#)). This should make provision for the varied operational requirements of:

- 1) light and general industry (Use Classes B1c and B2)
- 2) storage and logistics/distribution (Use Class B8) including 'last mile' distribution close to central London and the Northern Isle of Dogs, consolidation centres and collection points
- 3) secondary materials, ~~and~~ waste management and aggregates
- 4) utilities infrastructure (such as energy and water)
- 5) land for sustainable transport functions including intermodal freight interchanges, rail and bus infrastructure
- 6) wholesale markets
- 7) emerging industrial-related sectors
- 8) flexible (B1c/B2/B8) hybrid space to accommodate services that support the wider London economy and population
- 9) low-cost industrial and related space for micro, small and medium-sized enterprises (see also [Policy E2 Low-cost business space](#))
- 9A) research and development of industrial and related products or processes (falling within Use Class B1b).

B London's land and premises for industry, logistics and services falls into three categories:

- 1) Strategic Industrial Locations (SIL) – see [Policy E5 Strategic Industrial Locations \(SIL\)](#)
- 2) Locally Significant Industrial Sites (LSIS) - see [Policy E6 Locally Significant Industrial Sites](#)
- 3) non-Designated Industrial Sites⁷⁸ - see [Policy E7](#) Part D below.

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^{78A} ~~floor space land capacity (and~~

~~operational yard space capacity) within designated SIL and LSIS~~. 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, co-location and substitution set out in [Policy E7 Industrial intensification, co-location and substitution](#).

The retention, enhancement 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
- 4A) support access to supply chains and local employment in industrial and related activities.

D Any release of industrial capacity in line with part C should be focused in locations that are

(or are planned to be) well-connected by public transport, walking and cycling and contribute to other planning priorities including housing (and particularly affordable housing), schools and other infrastructure.

- E** Efficient wholesale market functions should be retained to meet London's requirements whilst enabling opportunities to consolidate composite wholesale markets to meet long-term wholesaling needs.
- EF** [Boroughs should ensure that local plans, OAPFs and/or other area based plans for opportunity areas fully assess and plan for the local industrial demands arising from planned population and business growth within these areas \(see also Policy SD1 Opportunity Areas\).](#)
- FG** Boroughs should ensure that the need to retain sufficient industrial and logistics capacity is not undermined by permitted development rights by introducing Article 4 Directions where appropriate.
- GH** Development proposals for large-scale (greater than 2,500 sqm GEA) industrial floorspace should consider the scope to provide smaller industrial units suitable for SMEs, in particular where there is a local shortage and demand for such space.

6.4.1 London depends on a **wide range of industrial, logistics and related uses** that are essential to the functioning of its economy and for servicing the needs of its growing population, as well as contributing towards employment opportunities for Londoners. This includes a diverse range of activities such as food and drink preparation, creative industry production and maker spaces, vehicle maintenance and repair, building trades, construction, waste management including recycling, transport functions, utilities infrastructure, emerging activities (such as data centres, renewable energy generation and clean technology) and an efficient storage and distribution system which can respond to business and consumer demands⁷⁹.

6.4.2 Wholesale markets have historically played an important role in London's economy distributing fresh products to retailers, restaurants and street markets across the capital. Their future role is affected by competition from alternative distribution systems but they are also taking advantage of trends towards increased eating out and are supplying a range of products to London's diverse communities. This Plan continues to recognise their role whilst enabling opportunities to consolidate composite wholesale markets to meet long-term wholesaling needs.

[Opportunity areas will accommodate a significant amount of London's growth. To ensure this growth is achieved sustainably, Boroughs should assess and plan for the local services that such areas will generate additional need for \(e.g. vehicle maintenance, building trades, last mile logistics\).](#)

6.4.3 **Industrial land and floorspace** provides the capacity for the activities described above to operate effectively. In 2015, London had an estimated 6,976 hectares⁸⁰ of land in industrial and related uses of which about 50 per cent was within SILs, a further 14 per cent was in LSIS designated by boroughs and the remaining 36 per cent was in Non-Designated Industrial Sites which are not designated in Local Plan policies maps.

6.4.4 Over the period 2001 to 2015, more than 1,300 hectares of industrial land (including SILs, LSIS and Non-Designated Industrial Sites) was **released to other uses**. This was well in excess of previously established London Plan monitoring benchmarks⁸¹. Research for the GLA indicates that there will be positive net demand for industrial land in London over the period 2016 to 2041⁸², mostly driven by strong demand for logistics to service growth in London's economy and population. The GLA's assessment indicates that after factoring in both the positive net land demands and the management of vacancy rates, there would be scope to release a further 233 hectares of industrial land over the period 2016 to 2041. However, the demand assessment shows that in 2015, 185 hectares of industrial land already had planning permission to change to non-industrial use and a further 653 hectares were earmarked for potential release in Opportunity Area Planning Frameworks, Local Plans and Housing Zones.

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 [land, unless the tests of Policy E7 are met, which require no net loss of industrial floorspace capacity through the processes of industrial intensification, co-location and substitution 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 [65-40](#) per cent plot ratio⁸³ (whichever is the greater).

6.4.5A When applying this principle regard should be given to the characteristics and operational requirements of the different industrial uses set out in Part A. Yard space is an essential requirement for most industrial, logistics and related uses to support servicing, storage and operational needs. Development proposals should ensure that sufficient yard space is provided having regard to the operational requirements of the uses proposed. Mezzanine space should be excluded from calculations of industrial floorspace capacity.

6.4.5B 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. The principle of **no net loss** of floorspace capacity does not apply to sites used for utilities infrastructure or land for transport functions which are no longer required.

[For clarity, the principle of no net loss of floorspace capacity should only be applied in planning decisions where industrial land consolidation \(by way of intensification/co-location/substitution\) is proposed, or where Boroughs have defined specific policies in Local Plans for industrial land consolidation.](#)

6.4.6 Guidance on the approach to be taken to the management of industrial floorspace capacity at borough level and across industrial property market areas is provided in Figure 6.1 and Table 6.2. Boroughs in the **'Provide Capacity' category** are those where strategic demand for industrial, logistics and related uses is anticipated to be the strongest⁸⁴. They should seek to deliver intensified floorspace capacity in either existing and/or new locations accessible to the strategic road network and in locations with potential for transport of goods by rail and/or water. [All boroughs in the Central Services Area fall within this category in recognition of the need to provide essential services to the CAZ and Northern Isle of Dogs and in particular sustainable 'last mile' distribution/logistics, 'just-in-time' servicing \(such as food service activities, printing, administrative and support services, office supplies, repair and maintenance\), waste management and recycling, and land to support transport functions. Such facilities will contribute to minimising vehicle/freight movements and are essential for achieving the objectives of the Mayor's Transport Strategy and Policy T7 - Deliveries, servicing and construction. In these central locations, Borough's should consider redundant facilities \(such as retail space, transport depots and car parks\) as potential opportunities for the provision of additional industrial capacity.](#)

6.4.7 Boroughs in the **'Retain' category** should seek to intensify industrial floorspace capacity following the general principle of no net loss across designated SIL and LSIS. ~~All boroughs in the Central Services Area fall within this category in recognition of the need to provide essential services to the CAZ and Northern Isle of Dogs and in particular sustainable 'last mile' distribution/logistics, 'just in time' servicing (such as food service activities, printing, administrative and support services, office supplies, repair and maintenance), waste management and recycling, and land to support transport functions.~~

~~6.4.8 There are three boroughs in the **'Limited Release' category** (all in the Thames Gateway) where industrial land vacancy rates are currently well above the London average. These boroughs are encouraged to intensify industrial floorspace capacity, investigate the reasons for high levels of vacancy, take positive steps to bring vacant sites back into industrial use where there is demand and support the re-use of surplus industrial land and floorspace for other uses through a proactive plan-led approach.~~

Table 6.2 - Management of industrial floorspace capacity - industrial property market area and borough-level categorisations

Property Market Area / Borough	Categorisation
Central Services Area	
Camden	Retain-provide capacity
City of London	Retain-provide capacity

Hackney	Retain <u>provide</u> capacity
Islington	Retain <u>provide</u> capacity
Kensington & Chelsea	Retain <u>provide</u> capacity
Lambeth	Retain <u>provide</u> capacity
Lewisham	Retain <u>provide</u> capacity

Property Market Area / Borough	Categorisation
LLDC	Retain <u>provide</u> capacity
Southwark	Retain <u>provide</u> capacity
Tower Hamlets	Retain <u>provide</u> capacity
Westminster	Retain <u>provide</u> capacity
Thames Gateway	
Barking & Dagenham	Retain capacity <u>Limited release</u>
Bexley	Retain capacity
Bromley	Retain capacity
Greenwich	Retain capacity
Havering	Retain capacity <u>Limited release</u>
Newham	Retain capacity <u>Limited release</u>
Redbridge	Retain capacity
Lee Valley	
Enfield	Provide capacity
Haringey	Retain capacity
Waltham Forest	Retain capacity
Park Royal/Heathrow	
Barnet	Retain capacity
Brent	Provide capacity

Ealing	Provide capacity
Hammersmith & Fulham	Retain capacity
Harrow	Retain capacity
Hillingdon	Retain capacity
Hounslow	Retain capacity

Property Market Area / Borough	Categorisation
OPDC	Provide capacity
Richmond	Retain capacity
Wandle Valley	
Croydon	Retain capacity
Kingston	Retain capacity
Merton	Retain capacity
Sutton	Provide capacity
Wandsworth	Provide capacity

Figure 6.1 - Management of industrial floorspace capacity - borough level categorisations

Policy E7 Industrial intensification, co-location and substitution

- A Development Plans and development proposals should be proactive and encourage the intensification of business uses in Use Classes B1c, B2 and B8 occupying all categories of industrial land through:
- 1) introduction of small units
 - 2) development of multi-storey schemes
 - 3) addition of basements
 - 4) more efficient use of land through higher plot ratios having regard to operational yard space requirements (including servicing) and mitigating impacts on the transport network where necessary.
- B Development Plans and planning frameworks should be proactive and consider, in collaboration with the Mayor, whether certain logistics, industrial and related functions in selected parts of SILs could be intensified to provide additional industrial capacity. Intensification can also be used to facilitate the consolidation of an identified SIL to support the delivery of residential and other uses, such as social infrastructure, or to contribute to town centre renewal. This process must meet the criteria set out in part E below and ensure that it does not undermine or compromise the integrity or effectiveness of the SIL in accommodating the industrial-type activities identified in part C of Policy E5 Strategic Industrial Locations (SIL). This approach should only be considered as part of a plan-led process of SIL intensification and consolidation (and the areas affected clearly defined in Development Plan policies maps) or as part of a co-ordinated masterplanning process in collaboration with the GLA and relevant borough, and not through ad hoc planning applications.
- C Development Plans and planning frameworks should be proactive and consider whether certain logistics, industrial and related functions in selected parts of LSIS could be intensified to provide additional industrial capacity and/or co-located with residential and other uses, such as social infrastructure, or to contribute to town centre renewal. This process should meet the criteria set out in part E below. This approach should only be considered as part of a plan-led process of LSIS intensification and consolidation (and clearly defined in Development Plan policies maps) or as part of a co-ordinated masterplanning process in collaboration with the GLA and relevant borough, and not through ad hoc planning applications.
- D Mixed-use or residential development proposals on Non-Designated Industrial Sites should ~~will~~ be supported where:
- 1) there is no reasonable prospect of the site being used for the industrial and related purposes set out in part A of Policy E4 Land for industry, logistics and services to support London's economic function; or
 - 2) it has been allocated in an adopted local ~~D~~-development ~~P~~-plan document for residential or mixed-use development; or
 - 3) an equivalent quantum of industrial, storage or distribution floorspace is provided as part of mixed-use intensification ~~where this is feasible; or~~
 - 4) ~~suitable alternative accommodation (in terms of type, fit-out, use and size) is available in reasonable proximity to the development proposal and~~

~~subject to relocation support arrangements for existing businesses before the commencement of new development.~~

Mixed-use development proposals on Non-Designated Industrial Sites which co-locate industrial, storage or distribution floorspace with residential and/or other uses should also meet the criteria set out in parts E.2 to E.4 below.

E The processes set out in Parts B, C and D above must ensure that:

- 1) the industrial uses within the SIL or LSIS are intensified to deliver an increase (or at least no overall net loss) of capacity in terms of industrial, storage and warehousing floorspace with appropriate provision of yard space for servicing
- 2) the industrial and related activities on-site and in surrounding parts of the SIL, LSIS or Non-Designated Industrial Site are not compromised in terms of their continued efficient function, access, service arrangements and days/hours of operation noting that many businesses have 7-day/24-hour access and operational requirements
- 3) the intensified industrial, storage and distribution uses are completed in advance of any residential component being occupied
- 4) appropriate design mitigation is provided in any residential element to ensure compliance with 1 and 2 above with particular consideration given to:
 - a) safety and security (see Policy D10 Safety, security and resilience to emergency and Policy D11 Fire safety)
 - b) the layout, orientation, access, servicing and delivery arrangements of the uses in order to minimise conflict (see Policy T4 Assessing and mitigating transport impacts)
 - c) design quality, public realm, visual impact and amenity for residents (see Policy D1 London's form and characteristics, Policy D2 Delivering good design, Policy D3 Inclusive design, Policy D4 Housing quality and standards, Policy D5 Accessible housing, Policy D6 Optimising density, Policy D7 Public realm and Policy D8 Tall buildings)
- cA) agent of change principles (see Policy D12 Agent of Change)
- d) vibration and noise (see Policy D13 Noise)
- e) air quality, including dust, odour and emissions (see Policy SI1 Improving air quality and Policy SI2 Minimising greenhouse gas emissions) and potential contamination.

F Development Plans and planning frameworks should consider, in collaboration with the GLA and neighbouring authorities within and outside London, the scope to facilitate the substitution of some of London's industrial capacity to related property markets elsewhere in London and beyond London's boundary where:

- 1) this results in mutual advantage to collaboration partners inside and outside London and supports a more efficient use of land
- 2) full regard is given to both the positive and negative impacts of substitution including impacts on servicing the economy inside and outside London, businesses and customers, labour markets and commuting, supply-chains and logistics, congestion, pollution and vehicle miles
- 3) a clearly-defined strategy for the substitution of future demand capacity and/or relocation arrangements where relevant, is in place to support this process.

This approach should only be considered as part of a plan-led process of consolidation and intensification (and clearly defined in Development Plan policies maps) and not through ad hoc planning applications.

- 6.7.1 In collaboration with the Mayor, all boroughs are encouraged to explore the potential to **intensify industrial activities**⁸⁵ on industrial land to deliver additional capacity and to consider whether some types of industrial activities (particularly light industrial) could be co-located or mixed with residential and other uses. Through Local Plans, boroughs should also take a proactive approach to the **management of vacancy rates** to reach a level appropriate to the efficient functioning of the industrial market (considered to be five per cent for land and eight per cent for floorspace)⁸⁶.
- 6.7.2 Whilst the majority of land in SILs should be retained and intensified for the industrial-type functions set out in part C of Policy E5 Strategic Industrial Locations (SIL), there may be scope for selected parts of SILs or LSISs to be consolidated. This should be done through a carefully co-ordinated plan-led approach (in accordance with parts B, C and E of Policy E7^{86A} to deliver an intensification of industrial and related uses in the consolidated SIL or LSIS and facilitate the release of some land for a mix of uses including residential. Local Plan policies' maps and/or OAPFs and masterplans should indicate clearly: (i) the area to be retained and intensified as SIL or LSIS (and to provide future capacity for the uses set out in Policy E5 Strategic Industrial Locations (SIL) and Policy E6 Locally Significant Industrial Sites) and (ii) the area to be released from SIL or LSIS (see illustrative examples in Figure 6.3). Masterplans should cover the whole of the SIL or LSIS, and should be informed by the operational requirements of existing and potential future businesses.
- 6.7.2A These approaches may be supported by land swaps within the SIL or LSIS, within the borough or in collaboration with neighbouring authorities. To ensure that such development works effectively, there should be a development agreement in place between the industrial developer and associated (non-industrial) developers.
- 6.7.3 Outside of areas designated as SIL or LSIS there may be opportunities to deliver **co-location involving a mix of industrial and residential and/or other uses on the same site** either side-by-side or through vertical stacking. Mixed-use and residential development proposals on existing Non-Designated Industrial Sites should ensure either that there is no reasonable prospect of the site being used for logistics/ industrial purposes, or incorporate light/general industrial or storage/distribution uses or put in place suitable relocation arrangements for any businesses/operations affected.
- 6.7.4 Evidence to demonstrate '**no reasonable prospect**' of Non-Designated Industrial Sites being used for industrial and related purposes should include:
- strategic and local assessments of demand
 - evidence of vacancy and marketing with appropriate lease terms and at market rates suitable for the type, use and size (for at least 12 months, or greater if required by a local development plan document), and where the premises are derelict or obsolete, offered with the potential for redevelopment to meet the needs of modern industrial users
 - [Robust evidence that redevelopment/repurposing of the site for industrial use \(as listed in Policy E4a\) is not viable](#)
 - evidence that the scope for mixed-use intensification with industrial uses has been explored fully.
- 6.7.5 There is a significant amount of industrial and logistics capacity serving London that is located outside of the capital⁸⁷. There may be scope for some **substitution**⁸⁸ of London's industrial capacity to locations in the wider region where this results in mutual advantage, such as complementary business opportunities and transport infrastructure improvements. This will require close collaboration between planning authorities inside and outside London and must ensure that any substitution does not give rise to cumulative negative impacts including, for example, on business supply chains, labour markets, pollution and congestion⁸⁹.
- 6.7.6 **Collaborative working** between the Mayor, boroughs and other stakeholders on Development Plan reviews, planning frameworks and masterplans provide useful mechanisms to co-ordinate these processes. This should ensure that the need to maintain sufficient capacity for industry to service London's economy and residents is considered alongside other planning objectives including delivery of strategic infrastructure, housing, social infrastructure and other uses. Further advice on the implementation of Policy E7 will be provided in Supplementary Planning Guidance.