

<b>Title of Report</b>	<b>WAREHOUSING AND LOGISTICS IN LEICESTER AND LEICESTERSHIRE: MANAGING GROWTH AND CHANGE (APRIL 2021)</b>	
<b>Presented by</b>	Councillor Robert Ashman Portfolio Holder for Planning and Infrastructure	
<b>Background Papers</b>	<a href="#">National Planning Policy Framework</a>  <a href="#">National Planning Practice Guidance</a>  <a href="#">Warehousing and Logistics in Leicester &amp; Leicestershire: Managing growth and change</a>	<b>Public Report:</b> Yes
<b>Financial Implications</b>	The Council's contribution towards the cost of this study has been met through existing budgets.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	None from the specific content of this report. In due course the planning policy implications of the study will be incorporated in a consultation document for the Substantive Local Plan Review. The Local Plan Review process as a whole must accord with the legal requirements set out in legislation and guidance.	
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	No staffing implications associated with the specific content of this report. Links with the Council's Priorities are set out at the end of the report.	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	This report presents the key findings from the study into the future requirements of the warehousing and logistics industry in Leicester and Leicestershire which will form part of the evidence base for the Substantive Local Plan Review.	
<b>Recommendations</b>	<b>1) THAT THE LOCAL PLAN COMMITTEE NOTES THE FINDINGS OF THE WAREHOUSING AND LOGISTICS STUDY (2021) WHICH WILL FORM PART OF THE EVIDENCE BASE FOR THE SUBSTANTIVE LOCAL PLAN REVIEW.</b>  <b>2) THAT THE LOCAL PLAN COMMITTEE NOTES THE NEXT STEPS SET OUT IN THE REPORT</b>	

## 1. INTRODUCTION

- 1.1 A key matter for the Local Plan Review to address is the additional need for employment land in the district to cover the new plan period. The National Planning Policy Framework (NPPF) directs that planning policies should “meet anticipated needs over the plan period” (paragraph 81) and also “be flexible enough to accommodate needs not anticipated in the plan”. With respect to the logistics sector specifically, the Framework states that “planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for.... storage and distribution operations at a variety of scales and in suitably accessible locations” (paragraph 82).
- 1.2 A study of the strategic distribution sector (units of 9,000+sqm) in the county was jointly commissioned by the Leicester and Leicestershire authorities and the Leicester and

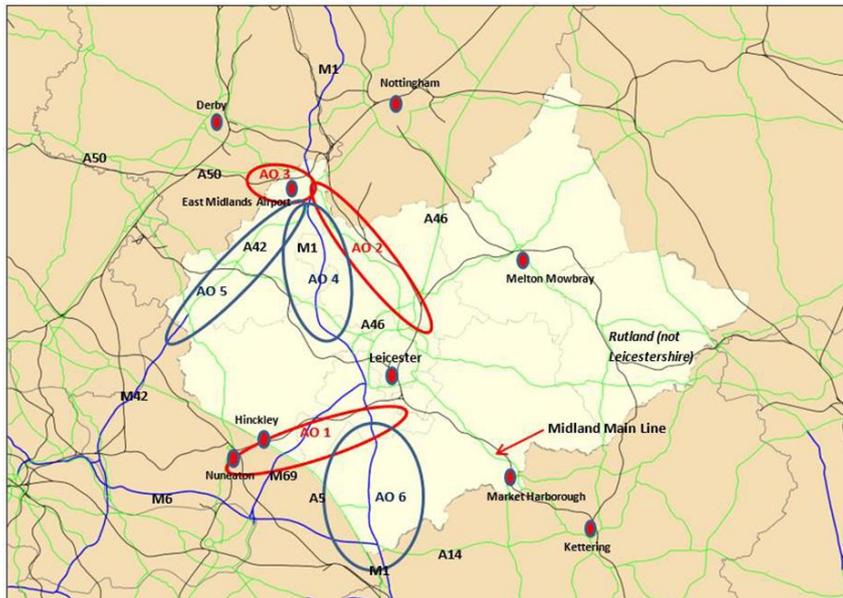
Leicestershire Enterprise Partnership. The study, entitled 'Warehousing and Logistics in Leicester and Leicestershire: Managing Growth and Change (April 2021)' was prepared by G L Hearn in partnership with MDS Transmodal and Icen Projects. This latest study supersedes previous reports on this subject, the most recent dating from January 2017.

- 1.3 The study was presented to the Members Advisory Group on 20 May 2021. It was then published on the council's website on 21 May to ensure it was in the public domain before Planning Committee considered the planning application at Netherfields Lane (20/00316/OUTM) on 3 June.

## 2. KEY FINDINGS

- 2.1 The study provides a comprehensive analysis of the strategic distribution sector and the factors which will impact on its future operation. The study analyses data from a wide range of sources and includes market intelligence about the operation of the sector in Leicestershire and more widely.
- 2.2 A key output is the assessment of how much additional strategic distribution floorspace is likely to be needed in the county for the period 2020-2041 (21 years). To give rigour to their analysis, the consultants looked at alternative ways to estimate future requirements and also tested a number of alternative assumptions. The study concludes that a growth/replacement approach is the most appropriate methodology to follow. Using this approach the future need for land/floorspace for strategic warehousing is generated by two main factors:
- a) the additional land/floorspace needed to accommodate the growth in the volume of goods being transported during the 2020-41 period. This growth element is generated using a specialist model which has been used to provide forecasts for the Department of Transport and Network Rail amongst others.
  - b) the necessity to replace existing warehouses which will come to the end of their functional life during the 2020-41 period
- 2.3 On this basis, the report recommends that the Leicester and Leicestershire authorities plan for **around 2,571,000 sqm of additional floorspace in the county between 2020 and 2041**. This incorporates a flexibility margin equivalent to 5 years supply to mitigate for delays in sites coming forward, to provide a buffer so that supply is not so tightly aligned to the forecast need and to allow for market churn and choice. The study explains that the findings should not be viewed as a maximum level of development or a cap.
- 2.4 Once the supply from sites with planning permission and allocated land (at April 2020) is taken into account, the position becomes;
- **there is a shortfall of 768,000 sqm (307 ha) at rail served sites**. The report states that this could be largely fulfilled through the proposed Hinckley National Rail Freight Interchange (NRFI) at Junction 2 of the M69 at Hinckley which would serve around 650,000sqm of strategic scale warehousing if it were permitted.
  - **there is a shortfall of 392,000 sqm (112 ha) at non-rail served sites**
- 2.5 This shortfall is the need to be met through the allocation of land in Local Plans and through the granting of planning permissions.
- 2.6 Schemes with planning permission which were already 'pre-let' to an occupier at April 2020 (the start date of the study) have not been included in the supply referred to in paragraph 2.4 above. This is because these schemes are not available to meet need arising from April 2020 onwards, which is the period the study is measuring, because they already have an occupier lined up. The affected sites in the district are Mercia Park/J11 A42 (350,000sqm, under construction), the Aldi expansion site, Sawley (60,000sqm, not started) and Refresco (formerly Cotts Beverages), Kegworth (19,771sqm, now completed).

- 2.7 The study identifies 6 'areas of opportunity' in the county, shown indicatively on the map below. These broad areas are where the consultants consider new strategic logistics sites should be located and they have been identified using the following criteria;
- good connections with the strategic road network
  - good connections with the railway network
  - access to markets served
  - access to labour and proximity to areas of employment need



- 2.8 Four of the areas are in, or partially within, the district.
- AO2 (road/rail served), broadly following the A6, M1 and Midland Main Line transport corridors,
  - AO3 (road/rail served), broadly following the A50, the Midland Main Line and the freight only line connecting the Midland Main Line. This area includes East Midlands Distribution Centre and East Midlands Gateway.
  - AO4 (road served), broadly following the M1 and A511 transport corridors, incorporating Coalville, including the Bardon Hill area, and (outside of North West Leicestershire) Shepshed.
  - AO5 (road served), the A42 transport corridor, incorporating Ashby-de-la-Zouch
- 2.9 The study goes on to explain that the future supply of sites should be geographically spread and that there should be sufficient sites available to meet the varying needs of different operators (e.g. proximity to labour, cargo origins, location of end users). In this respect, the study recommends that:
- Local plans and allocations ensure a supply of vacant plots at strategic sites in at least two of the Areas of Opportunity simultaneously ideally across road and rail; and
  - New land should initially be allocated in those Areas of Opportunity where there is an identified under-supply of strategic sites, ahead of those Areas of Opportunity which are currently well provided for.
- 2.10 This aspect will be considered as part of the further work on this topic as set out in the next section.

### 3. NEXT STEPS

- 3.1 The study will form part of the evidence base for the Leicester and Leicestershire authorities' Local Plans. The intention is that the authorities will continue their joint working on this subject with the aim of using a Statement of Common Ground to agree how the need for additional floorspace should best be distributed within the county. It would then be for each individual authority to plan for its share of the overall requirement through its own

Local Plan process. This Leicestershire-wide approach is appropriate as this is a sector which operates at a strategic level and takes a sub-regional view of development needs and opportunities. Officers consider that a collective approach would be the best way to ensure that a) the overall requirement is planned for and met; b) there is a wide enough geographical spread of sites serving different Areas of Opportunity; c) there is a continuity of supply; and d) Duty to Co-operate obligations are met. It could also help give greater certainty when considering individual planning applications and at Local Plan Examinations if there was a consistent position across the county.

- 3.2 It will be appreciated that it is likely to be technically and politically difficult to reach an agreed position. For example, the development pressure for strategic warehousing is not the same across all the Leicestershire authorities so the motivation to agree a position will be less for some. If agreement cannot be reached, or is delayed such that it would impact upon the preparation of our Local Plan, the Council may need to come to its own conclusion about the amount of land to allocate for strategic warehousing in the Local Plan Review. Such an approach would carry a risk, but equally delaying preparation also carries risks.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	The economic policies in the Substantive Local Plan Review will be particularly relevant for the following Council Priority; - Support for businesses and helping people into local jobs
Policy Considerations:	Adopted Local Plan National Planning Policy Framework
Safeguarding:	None specific
Equalities/Diversity:	The Local Plan Review as an entity will be subject to an Equalities Impact Assessment.
Customer Impact:	None specific
Economic and Social Impact:	The decision, of itself, will have no specific impact. The Substantive Local Plan Review as a whole will deliver positive economic and social impacts and these will be recorded through the Sustainability Appraisal. .
Environment and Climate Change:	The decision, of itself, will have no specific impact. The Substantive Local Plan Review as a whole will deliver positive environmental and climate change benefits and these will be recorded through the Sustainability Appraisal.
Consultation/Community Engagement:	In due course the planning policy implications of the economic evidence set out will be incorporated in a consultation document for the Substantive Local Plan Review. The consultation arrangements will be governed by requirements in the Statement of Community Involvement.
Risks:	A risk assessment for the Local Plan Review has been prepared and is kept up to date. As far as possible control measures have been put in place to minimise risks, including regular Project Board meetings where risk is reviewed.
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