

## LOCAL PLAN REVIEW

### DEVELOPMENT STRATEGY OPTIONS AND POLICY OPTIONS - JANUARY TO MARCH 2022

#### SUMMARY OF RESPONSES TO Q12

#### Q12 – DO YOU AGREE WITH THE INITIAL POLICY OPTION FOR STRATEGIC WAREHOUSING? IF NOT, WHY NOT?

Comment/criticism	NWL officer response
Further low skilled, low paid jobs are not needed	Noted. There is variety in the skills requirements in the warehousing sector; the jobs are not exclusively low paid and low skilled.
Need to allocate sites to prevent speculative development on unidentified sites	Agreed. Allocating appropriate site/s is a key way to ensure future development is plan-led and to demonstrate that the Local Plan has been positively prepared.
Concern about site specific impacts of such developments, including on; <ul style="list-style-type: none"> <li>• Designated nature conservation sites</li> <li>• Best and most valuable agricultural land</li> <li>• Air quality</li> </ul> Sites must have sustainable transport links for the workforce to be able to use.	Noted. These are matters to be considered as part of the site assessment process.
Locations elsewhere in the county are suitable for additional strategic warehousing with similarly good connections and close to centres of population	Noted. The intention of the initial policy option is that NWL would provide for a proportion of the outstanding need; the balance will be met elsewhere in Leicester and Leicestershire.
The airport and proximity to Derbyshire/Nottinghamshire make the area around East Midlands Airport particularly attractive for strategic warehousing.	Noted.
Welcome the recognition of the evidence and joint working between the L&L authorities on this matter	Noted.
Need to consider the implications of the Freeport for the need assessment and in site selection	Noted. This matter is addressed in the covering committee report (section 6.7)
Re proposed Hinkley National Rail Freight Interchange (NRFI): a) it does not have permission and b) if permitted, the site occupiers are unlikely to be obligated to use the rail freight services.	a) Noted b) Noted
North Warwickshire BC Local Plan Inspector required an additional strategic policy on meeting wider than local need for warehousing.	Noted. The Inspector identified that there was no clear evidence about what level of strategic storage and distribution should be delivered in the borough as opposed to elsewhere in the West Midlands. He also noted that the demand for large scale space is particularly intense along M42 belt. In

	<p>response he required the incorporation of an Ec2(2)-style policy “to provide a clear basis for decision-taking where there is evidence of immediate needs for employment land within WMSESS (West Midlands Strategic Employment Sites Study) Area A”.</p>
<p>Use brownfield sites</p>	<p>It is agreed that brownfield sites should be repurposed where possible and brought into use for employment or for housing. Some brownfield sites will be more suited to housing and others to business use. However, there are not enough brownfield sites for all the new housing and employment land that is needed; greenfield sites will need to be developed as well.</p>
<p>No more strategic warehousing in the a) Castle Donington area; b) the Coalville area; c) Appleby Magna/Measham area</p>	<p>Noted, however the Local Plan Review will need to identify site/s to address a proportion of the Leicester and Leicestershire need for additional strategic warehousing. Making no/minimal provision for strategic distribution would be unrealistic in view of the large scale requirements from this sector which is responding to customer demands.</p>
<p>A shift from road-based to more rail-based freight in NWL should be encouraged.</p>	<p>Noted. The Strategic Distribution Study assumes an increase to some 43% of goods will be transported by rail. NWL has existing rail-served sites but there are no known potential rail-served sites at this point. The proposed Hinckley NRFI has the potential to provide a substantial amount of rail served floorspace if permitted.</p>
<p>The proposed requirement is based on double-counting including over-supply at the Hinckley National Rail Freight terminal. When that is properly accounted for the 50% figure amounts to no more than 16 hectares which may be too small for a viable scheme. The justification for any further allocation is weak and there appears to be too little joint analysis with other local authorities. Further work is needed.</p>	<p>The Strategic Warehousing Study has been found to be a robust piece of evidence by the Leicester and Leicestershire authorities who commissioned it. There is no indication of double counting in the methodology. Further joint work with the other authorities is underway to decide how the outstanding requirement should be distributed.</p>
<p>The need to replace outmoded buildings and the recent rapid increase in demand for logistics space may not have been fully reflected in the Strategic Warehousing Study. The council should aim for the upper space requirement outlined in the consultation document to provide greater</p>	<p>Noted. Replacement rates and recent demand trends were assessed and reflected in the Strategic Warehousing Study’s findings.</p>

<p>flexibility to the market and reflect most recent build out rates.</p>	
<p>The Strategic Warehousing study over-estimates demand in a number of ways and more cautious assumptions should be applied.</p> <p>a) The requirement should be adjusted to 2039 rather than 2041, making the outstanding road-based requirement for the Leicester and Leicestershire authorities 72,000 sqm and rail-based requirement 613,000sqm</p> <p>b) The flexibility margin of 5 years completions is not justified because of the uncertainty about future requirements owing to the pandemic. The proposed figure is equivalent to 33% of the replacement element of the model.</p> <p>c) Some 1.62m sqm (84%) of the demand to 2041 comes from an assumption that strategic warehouses on reaching a 30-year life will no longer be suitable for re-use. In practice, the warehouses would be renewed on their current site. Following this approach would drive a spiral of land allocation to new sites at less and less appropriate locations. There must be some objective data assessment to ascertain how much of this already allocated land could be re-used. The outputs appear sensitive to changing the assumptions on this point.</p> <p>Using the consortium's figures, there would be a surplus of road-served sites to 2036. No immediate decisions to allocate more land for strategic warehousing in this plan are necessary.</p> <p>Professional advice should be taken to look at applying a sensible approach to the risk margins to be applied and on what elements of the forecast. We do not believe that the current methodology is proportionate or logical nor would represent best industry practice.</p>	<p>a) It is agreed that the initial policy requirement should be adjusted to match the Local Plan Review timeframe. However, the consortium's calculation is different from that used by all the Leicester &amp; Leicestershire authorities and which has been agreed in the <a href="#">Statement of Common Ground on Strategic B8</a>. Adjusting for a 2039 end-date results in a residual requirement for road-served sites of some 95,400sqm (Leicester &amp; Leicestershire).</p> <p>b) Including a flexibility margin based on 5 years' worth of completions is widespread practice in employment land studies. Market signals suggest that demand will continue, or increase, rather than reduce.</p> <p>c) The study considers the approach to the replacement of existing buildings in depth. It notes that older buildings can become functionally obsolete because of changes in mechanisation and changing requirements including for larger premises to enable the consolidation of operations. Many units are let rather owner-occupied so businesses will re-locate to newer, fit-for-purpose premises, releasing the existing building for refurbishment which cannot be done while it is occupied. The consultants apply a higher replacement rate (30 years) citing the large growth rates in on-line retailing using the modern automated picking, handling and packaging systems which cannot be retrofitted into older buildings.</p> <p>The Local Plan Review could consider designating existing, good quality strategic B8 sites in an Ec3-type policy to maintain the best stock and so that these sites are not lost to other uses, driving re-provision elsewhere.</p> <p>The expert consultants who prepared the Strategic Warehousing Study comprehensively compared a variety of assessment approaches. The study</p>

	<p>findings have been signed off by all the Leicester and Leicestershire authorities. Overall, this gives some comfort that the study is both reasoned and robust. Whilst individual assumptions can be debated, taking the report as a whole there is no evidence that its findings are a significant over-estimate of demand.</p>
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