



Black Country and southern Staffordshire Regional Logistics Site Study

Final Report

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UNITED KINGDOM & IRELAND



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1. EXECUTIVE SUMMARY

1.1 Introduction

1.1.1 In June 2012 a number of local authorities in the Black Country and Staffordshire¹ commissioned URS Infrastructure and Environment UK Ltd to consider the need for regional logistics provision or a Regional Logistics Site (RLS) to serve the Black Country and southern Staffordshire, and, based on findings, make recommendations for a suitable location.

1.1.2 The main purpose of the study is to provide the client group with independent planning, economic development and logistics property market advice to assess whether there is an economic need for a RLS in the study area in order to inform and guide existing and emerging Local Plans.

1.1.3 The brief envisages that undertaking a search of broad locations suitable to accommodate a RLS is dependent on finding that the case for RLS provision to serve the Black Country and southern Staffordshire is robust.

1.2 The role of logistics

1.2.1 Logistics embraces an array of distinct industries that work across all types of transport and a variety of supply chains. Logistics is very often an 'invisible' industry, although it underpins the economy. It includes the planning, routing and movement of freight across all transport modes (road, rail, sea and air), as well as associated activities such as warehousing and storage, removals, freight forwarding and wholesaling.

1.2.2 Traditional factors which are fundamental to sites being commercially attractive to the logistics market include proximity to market, modal flexibility, site availability and size and labour.

1.2.3 National and regional logistics centres are critical to the effective and economic distribution of consumer goods and foodstuffs to retailers and supermarkets. Imported goods are received in bulk at ports mainly in the North West, South and East of the country and taken to individual company national distribution warehouses where bulk volumes are broken down and distributed via company networks of smaller regional or local distribution centres and ultimately to retail premises and the consumer. In the same manner goods and foodstuffs produced in the U.K. and in mainland Europe are distributed through distribution centres. A key element of large distribution centres is they must accommodate large warehouse facilities for individual companies where goods handling may be organised and distributed effectively.

1.2.4 The logistics sector make up under consideration within this study includes food/non-food retailers, manufacturing companies who manage their own logistics system, third party logistics providers, express operators and internet fulfilment companies.

1.3 RLS/ Strategic Rail Freight Interchange (SRFI) characteristics

1.3.1 Policy 9A of the West Midlands RSS 2008 describes the purpose of a Regional Logistics Site as providing an opportunity for the concentrated development of warehousing and distribution uses, and that such sites should have specific size, access and labour supply characteristics.

¹ comprising: Wolverhampton City Council, Dudley Metropolitan Borough Council, Sandwell Metropolitan Borough Council, Walsall Council, Staffordshire County Council, South Staffordshire District Council, CENTRO, Cannock Chase District Council, Stafford Borough Council, Lichfield District Council and Tamworth Borough Council

- 1.3.2 DfT define a Strategic Rail Freight Interchange (SRFI) as a large multi-purpose rail freight interchange and distribution centre linked into both the rail and trunk road system. It has rail-connected warehousing and container handling facilities and may also include manufacturing and processing activities. For the purposes of this study a SRFI is broadly consistent with the definition of a RLS.
- 1.3.3 Government objectives as set out in SRFI policy guidance 2011 are to reduce road congestion/ carbon emissions and support long term development of efficient rail freight distribution locations and support growth and create employment. Government aims to meet these objectives by encouraging the development of a national network of SRFIs whose operation would serve regional and cross regional catchment areas, also acting as key components in national and international networks.
- 1.3.4 The concept of SRFIs to integrate rail with logistics delivery was developed to overcome the economic and operational disadvantages of using rail and the disadvantages of conventional rail terminals and onwards delivery. It is therefore considered that seeking to provide for a RLS through a hub and spoke approach is not feasible or deliverable.
- 1.4 Spatial planning policy direction**
- 1.4.1 The policy and evidence trail shows a changeable and inconsistent picture in relation to policy direction concerning location of potential supply.
- 1.4.2 A study in 2005² and the West Midlands RSS Panel Report³ found that there were several potential locations for RLS provision including the Black Country and southern Staffordshire. Whilst the methodology behind the 2005 Regional Logistics Study and the 2009 Update⁴ is not at question, only a range was provided and no sequencing or prioritisation was recommended in relation to the four best RLS locations, one of which was Black Country/southern Staffordshire.
- 1.4.3 Policy PA9 of RSS for the West Midlands 2008 did not specify scale of future provision but suggested consideration and priority be given to bringing forward previously developed land in North Staffordshire and Telford.
- 1.4.4 West Midlands Regional Logistics Study 2009 informed proposed Policy PA9 and this set a priority to bring forward additional land taking account of the following in priority order:
- The scope for the realistic extension of existing RLS in the region and DIRFT...., recognising the proximity of Hams Hall and Birch Coppice and the need to avoid an over-concentration of RLS development within the same broad location; and
 - The potential for new rail-served facilities to serve (a) the needs of the Black Country located in southern Staffordshire and (b) to serve the North Staffordshire conurbation.
- 1.4.5 In addition the Panel Report into RSS2 considered that other locations may be appropriate including North Staffordshire. RLS provision has consistently been considered at a regional

2 Stage Study of the Regional Logistics Study (2005: Regeneris Consulting, Saviills and MDS Transmodal)

3 West Midlands Regional Spatial Strategy Phase Two Revision Report of the Panel: Volume 1 – September 2009

4 West Midlands Regional Logistics Study – 2009 Update: MDS Transmodal and Saviills

level and it is considered that the most appropriate way forward in planning terms is by reviewing suitable locations using the same spatial approach.

1.5 Demand, supply and spatial provision

- 1.5.1 The Midlands continues to remain one of the most strategic and efficient locations in the country for major distribution occupiers and developers remain active, although are frustrated by suitable land supply and the time to secure planning consent.
- 1.5.2 Appendix C demonstrates that there is a limited supply of development ready logistics sites to serve the Midlands over the medium and longer term and the West Midlands in particular in the short, medium and long term. The expansion of Birch Coppice demonstrates that there is a continuing demand across the West Midlands for sites with good road access with rail potential for large scale distribution use.
- 1.5.3 The implications for the mis-match between supply and demand particularly in the West Midlands market will be:
- an inability to attract investment and new jobs in the large scale B8 sector; and
 - an inability to compete with other regions including the East Midlands.
- 1.5.4 The balance of DIRFT II and proposed expansion of DIRFT III will provide 212.2 hectares and should be factored into a consideration of need to serve the Midlands. This is not to say, however, that a new RLS development in the West Midlands is unlikely to fare well in attracting occupiers. Indeed on the contrary such a development is likely to be an attractive venture, capturing pent up demand in a market which suffers from a lack of supply on new B8 space.
- 1.5.5 Based on our market assessment we conclude that there is a need for a RLS facility that can serve the Black Country and southern Staffordshire, but only insofar as they form part of the West Midlands which taken as a region has a need. In essence in logistics market and in economic terms it is impractical to separate the needs of the Black Country from those of the wider West Midlands.
- 1.5.6 Given that the defining characteristic and primary purpose of a RLS is to provide warehousing of a large strategic nature and that these would typically serve a regional market (i.e. the west midlands as a minimum increasing to serve the entire Midlands and beyond in the case of a NDC), then a specific location within the Midlands would not usually be a pre-requisite search criteria. The research in this report shows that the nature and scale of logistics supply chains for major retailers mean that the market would not generally consider the Black Country in isolation in determining their regional and national supply chains and distribution networks.
- 1.5.7 In spatial terms it is true to say that the north Midlands has less current RLS provision than the east of the conurbation and given high population density in the Black Country it is our opinion that a RLS site located in southern Staffordshire, assuming that it remains the case that a viable site could not be found in the Black Country, would be an attractive proposition to developers and occupiers. This is reaffirmed by two developer proposals emerging in South Staffordshire DC's area.
- 1.5.8 Our findings suggest that identifying Black Country and southern Staffordshire alone is a spurious boundary for an area of search. Previous studies looked at RLS provision in relation to the West Midlands and considering southern Staffordshire in isolation fails to appreciate to what extent other areas in the West Midlands including north Staffordshire could meet need.

- 1.5.9 In a sense a restricted search area serves to put undue pressure on southern Staffordshire to meet regional need without considering what part other locations in both West and East Midlands could play in contributing to the quantum and phasing of land supply as RLS.
- 1.5.10 The review of the logistics sector, logistics operators, B8 property market and factors/influences that drive operational needs and preferred locations suggests that:
- 1. Demand from the larger operators is generally capable of being satisfied from any location in the Midlands subject to good road/rail access and labour force provision and subject to operators' individual logistics strategies;
 - 2. Given 1. above, assessment of need and supply should be undertaken as a minimum on a regional West Midlands basis and preferably on a cross Midlands wide basis incorporating the East Midlands
- 1.5.11 A key finding of this study is therefore that RLS development does not need to be located in southern Staffordshire because it is a regional facility serving a regional catchment.
- 1.6 Benefits and impacts**
- 1.6.1 We estimate that an RLS of circa 555,000 sq m floorspace would create approximately 6,810 net jobs based on a medium job density scenario (including induced and indirect employment) for the residents of the study area. Alongside this it would create approximately 6,926 construction jobs, lever £648 Million private sector investment and £116.2 million GVA⁵ for the sub-regional economy by 2026.
- 1.6.2 Regeneration outputs are highly positive and regeneration outcomes are also likely to be beneficial. This is with the exception of likely adverse local environmental impact and risks to on-going regeneration programmes in the Black Country Zone through diversion of investment in warehouse development in relation to medium strategic warehouse (50,000 sq. ft. / 4,645 sq. m – 100,000 sq. ft. / 9,290 sq. m and small strategic warehouse (less than 50,000 sq. ft.). In relation to potential diversion of investment in the Black Country Zone the planning system is unlikely to be able to practically minimise such impact.
- 1.6.3 A RLS facility is likely to provide a range of skilled, semi-skilled and low skilled job opportunities but 47% of jobs could be in process, plant, machine and elementary occupations using figures from Skills for Logistics.
- 1.6.4 A RLS facility would have some highway benefits as a result of the modal shift from HGV to rail, in particular on the main routes from the ports to the West Midlands region i.e. the M6, A14, M1 and M40/A34 routes.
- 1.6.5 Locally to the RLS there will be an increase in traffic. Using the Four Ashes scheme which is proposed at Featherstone of circa 6 million sq. ft. (557,400 sq. m) as an indicator, the predicted traffic flows from a similar sized RLS could exceed 1,000 both in the morning and in the evening peaks.

⁵ GVA: Gross Value Added, GVA is the value of goods and services produced by an area, sector or producer minus the cost of the raw materials and other inputs used to produce them.

1.7 How Much RLS land is required?

- 1.7.1 The Panel Report of the Phase 2 Partial Revision published in September 2009 recommended that "at least 200-250 ha" RLS land should be provided for. The Panel Report recommended (R5.14) that provision should utilise the full potential for the expansion of the existing RLS at Hams Hall, Birch Coppice and Hortonwood.
- 1.7.2 Our conclusion is that the previously derived figure from the Regional Logistics Study Update 2009 of 200 to 250 hectares holds good, for the following reasons:
- The figure was derived from the well-respected GB Freight model and robust property market assessment;
 - In the period since 2009 there has been an economic recession, however, looking forward there is evidence of strong employment growth up to 2026 across the West Midlands⁶ and the region remains highly competitive in relation to logistics; and
 - There has been no new RLS land brought forward other than expansion of Birch Coppice. Hortonwood, Telford is unlikely to play a meaningful role in meeting forecast demand because of location.
- 1.7.3 Although there are several large scale B8 sites in and adjacent to the Midlands e.g. DIRFT, Coventry & Warwickshire Gateway, Basford which are in the pipeline, the logistics property market review finds that there is limited current or planned supply of large scale B8 floor space and an overall mis-match between demand and supply particularly in the West Midlands.
- 1.7.4 Previous research seemed to favour RLS provision at a number of locations. In practical terms based on our research there is no reason why provision could not be made, subject to planning approval, on two sites or even one large site.

1.8 Recommendations

- 1.8.1 It is recommended that Stage II of the study proceeds but that the area of search is widened to include the rest of the West Midlands and having regard to demand and supply in the East Midlands. This approach would benefit from co-operation from other Midlands authorities not currently within the steering group. Engaging with Local Enterprise Partnerships could be a helpful way of engaging on a wider spatial scale and with the private sector, particularly in light of Government plans for LEPs to develop strategic growth plans for their areas and a single funding pot to drive private sector investment and growth.
- 1.8.2 It is recommended that that the brief extends to potential sequencing of provision in the widened study area based on the criteria developed.
- 1.8.3 The rationale for these recommendations is:
- This would provide greater policy clarity and certainty for the West Midlands as a whole and fulfil the duty to co-operate incumbent on local planning authorities as set out in NPPF. The recommended approach would deliver an evidence base from which local planning authorities could develop policies and avoid the uncertainties surrounding the application of decision taking and presumption in favour of sustainable development set out in paragraph 14 of NPPF; and.

⁶ Sources: Office for Budget Responsibility, ONS, and URS Calculations

- A key benefit in pursuing Stage II in this way would be to anticipate and manage development pressures from developers, particularly in relation to the emerging proposals in South Staffordshire.

2. INTRODUCTION

2.1 Purpose of the Study and Key Objectives

- 2.1.1 In June 2012 a number of local authorities in the Black Country and Staffordshire⁷ commissioned URS Infrastructure and Environment UK Ltd to consider the need for regional logistics provision or a Regional Logistics Site (RLS) to serve the Black Country and southern Staffordshire, and, based on findings, make recommendations for a suitable location.
- 2.1.2 The main purpose of the study is to provide the client group with independent planning, economic development and logistics property market advice to assess whether there is an economic need for a RLS in the study area in order to inform and guide existing and emerging Local Plans.
- 2.1.3 The study brief envisages that the study divides into two stages. The objective of the first stage is to review and update the evidence in the Phase 2 Partial Revision of the West Midlands Regional Strategy (RSS2) and its associated background studies relating to the need for a RLS to serve the Black Country and southern Staffordshire. The first stage therefore concentrates on establishing whether there is or remains a need for an RLS to serve the Black Country and southern Staffordshire.
- 2.1.4 The brief envisages that, subject to the findings of Stage One, Stage Two would involve analysis of potential, a search of broad locations suitable to accommodate a RLS. Undertaking the second stage is dependent on finding that the case for RLS provision to serve the Black Country and southern Staffordshire is robust.
- 2.1.5 Studies considering RLS provision in the West Midlands stretch back as far as 2004 with the latest study undertaken in 2009. In response, however, to the economic recession since 2009, the recent Examination in Public (EiP) of the South Staffordshire District Council's Core Spatial and emerging developer led RLS proposals in two green belt locations in South Staffordshire, a closer and up-to-date consideration is required in order to better inform spatial planning policy.

2.2 The Study Area

- 2.2.1 The study area is defined as the Black Country and southern Staffordshire. This is taken to include the boundaries of the following local authorities:
- *Black Country:* Wolverhampton City Council, Dudley Metropolitan Borough Council, Sandwell Metropolitan Borough Council, Walsall Borough Council; and
 - *Southern Staffordshire:* South Staffordshire District Council, Cannock Chase District Council, Stafford Borough Council, Lichfield District Council and Tamworth Borough Council (see Figure 1). All these authorities are located within the county of Staffordshire.

⁷ comprising: Wolverhampton City Council, Dudley Metropolitan Borough Council, Sandwell Metropolitan Borough Council, Walsall Council, Staffordshire County Council, South Staffordshire District Council, CENTRO, Cannock Chase District Council, Stafford Borough Council, Lichfield District Council and Tamworth Borough Council

- 2.2.2 The study area coincides with an area of the former Staffordshire and West Midlands regions, now within the jurisdiction of the following Local Enterprise Partnerships (LEPs). (Those authorities within the study area are underlined in the list below):
- *Greater Birmingham and Solihull LEP*: - Birmingham, Bromsgrove, Cannock Chase, East Staffordshire, Lichfield, Redditch, Solihull, Tamworth, Wyre Forest;
 - *Stoke-on-Trent and Staffordshire LEP*: - Newcastle-under-Lyme, South Staffordshire, Stafford, Staffordshire Moorlands and Stoke-on-Trent; and
 - *The Black Country LEP*: - Dudley, Sandwell, Walsall and Wolverhampton.
- 2.2.3 The study area is bordered by the wider Birmingham conurbation to the south, the East Midlands to the east, Shropshire to the west and the Staffordshire potteries conurbation to the north.
- 2.2.4 The following map (Figure 1) identifies the study area and shows the location of a number of key sites in relation to this study, including existing and planned new rail terminals, sites previously suggested or currently proposed for potential RLS delivery and the three existing RLS which are located outside of the study area to the south and south-east.
- 2.2.5 The brief did not stipulate a time period for the study to consider as such, however the period 2013 to 2027 is considered appropriate and has been assumed. This is largely consistent with the plan periods for approved Core Strategies in the Black Country and South Staffordshire.

2.3 Study Objectives and Tasks

- 2.3.1 The study's primary aim within Stage 1 is to establish the need, or otherwise, for an RLS to serve the Black Country and southern Staffordshire. It seeks to achieve this by undertaking the following tasks:
- Task 1: Assess industry requirements particularly with reference to the type of site that would be suitable. Establish the pros and cons of alternative approaches to RLS provision (large bespoke site or Hub and Spoke⁸ model) and assess whether an element of manufacturing uses (B2) should be permitted alongside distribution uses (B8);
 - Task 2: Identify the relevant catchment areas associated with a RLS and potential RLS users;

⁸ A 'Hub and Spoke' system consists of one site where goods come into a Rail Freight Interchange (RFI) and are then distributed by road to a variety of large warehousing sites.

FIGURE 1 – STUDY AREA AND SITES OF INTEREST

- Task 3: Assess the impact on job creation, regeneration benefits and skills arising from a RLS development, with particular attention to the likely share and number of jobs provided by the RLS for the residents of the Black Country and adjacent areas including southern Staffordshire;
- Task 4: Should an element of B2 use should be permitted alongside B8?;
- Task 5: Assess the risks of potential diversion of investment from the Black Country and suggest practical measures to minimise such risks;
- Task 6: Re-examine the RSS2 evidence base in light of up-to-date economic and market evidence. Take into account any changes in competitive advantage of West Midlands, Black Country and southern Staffordshire; and
- Task 7: Assess the impact on the road and rail network, both local to the site and the strategic network.

2.4 Structure of report

2.4.1 The report is structured as follows:

- Chapter 3 provides:
 - background information including an understanding of logistics;
 - the logistics sector relevant to this study;
 - technical definitions; and
 - an outline of the strategic economic importance of a RLS.
- Chapter 4 (Task 2) identifies potential RSL users, what geographical area a RLS would serve and whether the study area is a distinct market.
- Chapter 5 (Task 1):
 - assesses industry requirements particularly with reference to the type of site that would be suitable;
 - establishes the pros and cons of alternative approaches to RLS provision (large bespoke site or Hub and Spoke model); and
- Chapter 6 (Task 4) considers whether an element of B2 use should be permitted alongside B8.
- Chapter 7 provides a summary of the policy context in relation to dedicated provision of a RLS to serve the Black Country and southern Staffordshire.
- Chapter 8 (Task 3):
 - provides macro-economic and logistics sector overviews;
 - considers historic employment trends in the logistics sector;
 - considers future demand for employment in the logistics sector;

- sets out examples of a RLS site and firms involved in logistics to help illustrate employment patterns in large scale logistics;
- sets out the potential economic impact of an RLS in the study area; and
- draws conclusions.
- Chapter 9 (Task 4):
 - considers the risks in relation to diversion of new investment away from the Black Country as a result of a RLS locating in South Staffordshire;
 - considers the risks in relation to existing Black Country firms relocating as a result of a RLS locating in South Staffordshire; and
 - suggests practical measures to minimise such risks.
- Chapter 10 provides relevant up-to-date property market evidence and a view of anticipated future demand;
- Chapter 11 (Task 6) provides a summary and re-examination of the existing evidence base;
- Chapter 12 (Task 7):
 - Assesses the general transport context and capacity issues affecting the strategic rail and highway networks;
 - sets out broad transport impacts of locating an RLS in the study area and potential mitigation; and
 - considers rail freight capacity in the West Midlands in relation to a RLS in the study area.
- Chapter 13 provides study conclusions and recommendations and suggests criteria for potential geographical location and site selection for RLS development.
- Appendices comprise the following:
 - Appendix A - The policy framework and supporting evidence for local authorities in the study area other than those in the Black Country and South Staffordshire;
 - Appendix B – background on SFRI as Nationally Significant Infrastructure Projects including the consenting process;
 - Appendix C –The Midlands B8 Market: B8 units over 100,000 sq ft (9,290 sq. m.) let since 2010; Currently available B8 units over 100,000 sq. ft (9,290 sq. m.); pipeline B8 sites capable of accommodating B8 units over 100,000 sq. ft. (9,290 sq. m.);
 - Appendix D – Letter from the Highways Agency;
 - Appendix E – Consultations with stakeholders; and
 - Appendix F - Background Information and evidence concerning Rail Freight Logistics.

2.5 Consultant team

2.5.1 The consultant team is made up of:

- URS Infrastructure & Environment UK Limited - URS is one of the world's leading engineering and environmental consultants and provides planning, transport (road and rail), environmental, engineering and architectural design and construction services throughout the UK and Ireland;
- CBRE Group Inc is one of the world's largest commercial real estate services firm. CBRE provides strategic advice and execution for property sales and leasing; corporate services; property appraisal and valuation; development services; investment management; and research and consulting; and
- The Logistics Business is a UK supply chain consultancy with over twenty years practical experience. It is leading logistics and supply chain specialist covering a wide range of sectors in the UK. Clients, including some of the best known international brand names such as Coca Cola, Estee Lauder, Gillette, Kellogg's and GlaxoSmithKline, as well as some of the world's most successful retailers such as Tesco, ASDA, B&Q, Pets at Home, WH Smith and Boots. Experience includes significant activities with food and drink manufacturers and retailers including furniture, clothing, white and brown goods, and general merchandise with particular expertise in home shopping fulfilment.

3. BACKGROUND

3.1 What is logistics?

3.1.1 Logistics is the movement and supply of goods throughout the economy – from raw materials, through all stages of the manufacturing process, to the final delivery of the finished product to companies and consumers.

3.1.2 Logistics embraces an array of distinct industries that work across all types of transport and a variety of supply chains. Logistics is very often an ‘invisible’ industry, although it underpins the economy. It includes the planning, routing and movement of freight across all transport modes (road, rail, sea and air), as well as associated activities such as warehousing and storage, removals, freight forwarding and wholesaling. Ultimately, logistics works to ensure the right goods are at the right place at the right time.

3.1.3 More often than not, when used with reference to business, the term occurs in conjunction with the term supply chain, or supply chain management. This is because any company that is concerned with the manufacture and supply of physical products has to deal with a linear process, starting with the sourcing of the materials used to make the products, right through manufacture, to storage and warehousing, through to their final destination – delivery to the customer. This process is the supply chain, and the term logistics refers to the science of ensuring that the movements to and from each segment of the chain are carried out as efficiently and economically as possible.

3.1.4 What is a Regional Logistics Site (RLS)?

3.1.5 The term Regional Logistics Site is not a description with a formal logistics industry definition. It is defined in spatial planning terms within the West Midlands Regional Spatial Strategy Phase 2 Partial Revision. Policy 9A of the West Midlands RSS2 describes the purpose of a Regional Logistics Site as providing an opportunity for the concentrated development of warehousing and distribution uses, and that such sites should generally have the following characteristics:

- existing or potential for dedicated access to the regional rail and highway networks;
- be in the order of 50 hectares or more;
- possess good quality public transport links, or be capable of having such links provided;
- be served or proposed to be served by multi-modal transport facilities (i.e. road and rail) and broadband IT infrastructure;
- have easy access to an appropriate labour supply and education and training opportunities;
- aim to minimise environmental impact;
- have a suitable configuration which allows large-scale high-bay warehousing, inter modal terminal facilities, appropriate railway wagon reception facilities and secure parking facilities for all goods vehicles; and
- be located away from incompatible neighbours allowing 24-hour operations and no restrictions on vehicle movements.

- 3.1.6 It has been suggested⁹ that a “Hub and Spoke” delivery system might be suitable to meet the needs of logistics in South Staffordshire and the Black Country as opposed to a single site approach. “Hub and Spoke” as envisaged is understood to mean; goods arriving by rail, inter modal in containers or conventional wagons, unloaded at a rail terminal and then delivered by road to satellite warehouses in the surrounding area. Chapter 5 provides an assessment of Hub and Spoke as a potential logistics hub model.
- 3.1.7 **What is a Strategic Rail Freight Interchange (SRFI)?**
- 3.1.8 The definition of a SRFI is set out below, taken from the DfT definition in published 2011 SRFI Guidance¹⁰.
- 3.1.9 A SRFI is a large multi-purpose rail freight interchange and distribution centre linked into both the rail and trunk road system. It has rail-connected warehousing and container handling facilities and may also include manufacturing and processing activities.
- 3.1.10 Government objectives as set out in the SRFI policy guidance are to:
- Reduce road congestion;
 - Reduce carbon emissions;
 - Support long term development of efficient rail freight distribution locations; and
 - Support growth and create employment.
- 3.1.11 Government aims to meet these objectives by encouraging the development of a national network of SRFIs whose operation would serve regional and cross regional catchment areas, also acting as key components in national and international networks. These networks are considered to be of strategic importance in facilitating trade links between UK regions and the European Union.
- 3.1.12 The DfT SRFI guidance concluded that the users and buyers of warehousing are increasingly looking to integrate rail freight into their transport operations. Whilst this study finds (see Appendix F) that the current proportion of UK freight moved by rail is less than 5% of the overall total this is forecast to continue to grow and the delivery of new SRFI facilities which are rail linked will be necessary to achieve this growth.
- 3.1.13 Section 4 of the guidance note sets out the key characteristics of a SRFI. A SRFI (as defined in Section 26 of the Planning Act 2008) will have the following characteristics:
- *Scale and Design*
 - A larger Rail Freight Interchange facility, in excess of 60 hectares in size;
 - Capable of handling over four goods trains per day and, where possible, be capable of increasing the number of trains handled;

9 See page 121 of the Panel Report on the West Midlands RSS Phase Two Revision Sept 2009

10 Strategic rail freight interchange policy guidance, DfT Published: 29 November 2011

- Large enough to accommodate longer trains (preferably 775m trains) with modern wagons and provide rapid means of cargo transfer, handling and storage;
 - Appropriately configured on-site infrastructure and layout to minimise the need for on-site rail shunting and which, ideally, will allow main line access for trains from either direction;
 - Provides for a number of rail-connected or rail-accessible buildings for initial take up, together with rail infrastructure, to allow more extensive rail connection within the site in the longer term;
 - Initial stages of the development must provide an operational rail network connection and areas for inter modal handling and container storage; and
 - May provide activities such as warehousing, stockholding, order picking, container repair and materials processing, which add value to the process of modal transfer.
- *Transport Links and Location:*
 - Should be located alongside the main trunk rail routes (especially the Strategic Rail Freight Network) and close to the motorway and trunk road network;
 - Adequate links to the rail network are essential. Rail access will vary between rail lines, both in the number of services that can be accommodated, and the physical characteristics such as the train length and, for inter modal services, the size of inter modal units that can be carried (the 'loading gauge'). As a minimum a SRFI ideally should be located on a route with a gauge capability of at least W8 or capable of enhancement to a suitable gauge; and
 - good road access to allow rail to effectively compete with, and work alongside, road freight to achieve a modal shift to rail.

3.1.14 An SRFI could, by its definition in DfT guidance published in November 2011, include manufacturing and processing activities. This is in contrast with commentary supporting Policy PA9: Regional Logistics Sites of Regional Spatial Strategy (RSS) for the West Midlands 2008 which forms part of the development plan of the authorities in the study area. Policy PA9 commentary advocates that B1 and B2 uses are not permitted unless it is demonstrated that they are essential to support the primary logistics purpose.

3.1.15 The DfT Guidance also sets out a series of additional rail criteria, however in other respects it is considered for the purposes of this study to be broadly consistent with the definition of a Regional Logistics Site. A RLS could be a road based only operation initially but would need to have the capacity and potential for future rail links. A RLS with rail links would in effect be the same as a SRFI.

3.1.16 The development of multi-modal interchange centres or SRFIs is a major investment normally undertaken by private developers. Infrastructure, land and development cost may amount to many tens of millions of pounds and developers make their return from the leases on distribution warehouses. Rail and road access provides the attraction for retail logistics operators to use the site, but to justify such substantial investment there needs to be a large concentration of warehouses and also the capacity for future expansion. Rail companies are not normally involved in the development and financing of such terminals although they co-operate collectively in supporting proposals.

- 3.1.17 In terms of management of terminals, it is usual for an independent terminal operator to be appointed to manage the distribution centre and control daily terminal activities. Rail freight operating companies are unlikely to be involved in such activity, which is usually provided by a specialist distribution company. However, Freightliner does operate some of their own terminals and DB Schenker is becoming more actively involved in terminal operation. The terminal operator maintains the rail facilities within the terminal and controls local rail operations but will not specify the mode of transport to be used for inwards or outwards traffic or the proportion of freight using rail.
- 3.1.18 SRFIs provide the distribution facility to receive and dispatch goods but neither terminal operators nor road or rail haulers can dictate how goods will be moved. The decision on modal choice for inter modal and other traffic will be taken by freight customers and shippers. In the case of retailers or supermarkets this modal choice will be taken by the logistics operator responsible for the overall warehousing, supply and delivery function. The option of road or rail will be made on the basis of convenience, quality of transport product and very importantly, price. The SRFI terminal operators, whilst facilitating the provision of road and rail links to the terminal, cannot control the proportion of traffic which would be transported by rail as this is driven by market conditions and the suitability of operators' services.
- 3.1.19 Nationally, existing SRFIs are located at Mossend (Glasgow), Wakefield and Doncaster in the North East, Ditton (3MG) and Trafford Park in the North West, and Hams Hall, Birch Coppice and Daventry (DIRFT) in the Midlands. For London and the South East, a terminal at Howbury Park (Bexley) has been approved at Public Inquiry. A proposal for an SRFI at Colnbrook, West London (LIFE) was refused in 2002 but a further updated proposal for the site is now being considered. A recent Public Inquiry rejected an application for an SRFI at Radlett to the North West of London on the Midland Main line but this was overturned and consent granted in December 2012. A proposal for a rail based terminal at Alconbury (north of Cambridge) has received planning permission but the project has not yet been developed further because of economic factors.

3.2 The Market for Logistics

- 3.2.1 Logistics does not constitute a discrete 'sector' of the economy, but rather involves the integration of a wide range of different functions within companies and between them. Whilst the dedicated logistic companies or hauliers are the nearest there is to a 'logistic sector', the operations of these companies fall far short of being the totality of logistics, as they account for only that share of logistics that are outsourced by companies rather than undertaken in-house.
- 3.2.2 The logistics sector make up under consideration within this study is set out below. It is these operators who have potential need for and use of RLS facilities as part of their logistics management. It is therefore essential that their needs are assessed in order to determine a need for a RLS to serve the study area.
- Food retailers who manage their own logistics system, (Own Account Operators) – this includes most of the well-known supermarket chains and product manufacturers;
 - Non-food retailers who manage their own logistics system, (Own Account Operators);
 - Manufacturing companies who manage their own logistics system, (Own Account Operators);

- 3PL providers or hauliers who provide and manage own logistics system on behalf of the owners of the cargo. Over 60% of UK freight is carried out for 'Hire and Reward' on behalf of another company¹¹;
- Express operators who provide a 'door to door' service and include companies such as Fed Ex, UPS, DHL and the parcel carriers. A local example is Interlink Express who has its UK headquarters in Smethwick; and
- Internet fulfilment companies - The growth in internet fulfilment brings potential opportunities for a RLS. There are more dedicated online grocery fulfilment centres (e.g. Tesco Dotcom store at Enfield) being built as store congestion increases. Also the rapid growth in online spending by UK consumers means more internet fulfilment centres are needed. These centres need to be close to the parcel delivery companies' hubs in order to be able to offer late cut off times for ordering and to reduce trunking costs. Yodel has hubs at Wilenhall and Droitwich; Parcelforce and City Link have hubs in Coventry, TNT at Cannock, Fedex at Burntwood, DPD (Geopost) at Smethwick. The Black Country is therefore in a good location for this sector.

3.3 The strategic economic importance of logistics

- 3.3.1 The movement of goods to and from the U.K. and within the country forms a vital part of the British economy and the country's ability to generate growth and economic well-being. The efficient and effective distribution of goods is also important for the impact on the environment and on congestion over transport networks.
- 3.3.2 The logistics sector is a hugely important part of the UK economy. It is an important business in its own right, with the output of core logistics activities in 2009 accounting for almost 9% of UK GVA and around 7% of total employment¹². It is also a critically important enabler of the success of other businesses of all sizes and sectors – from corner shops to supermarkets, manufacturers to eBay entrepreneurs, and energy companies to waste businesses.
- 3.3.3 According to the latest figures available from the Department for Transport (DfT), the UK logistics sector is worth almost £75 billion to the economy, employing around 2.3 million people in some 196,000 companies.
- 3.3.4 The fact is that the success of any company producing and/ or retailing goods depends entirely on the quality of its order fulfilment, and its level of customer satisfaction. For this reason, the logistics function, whether in-house or outsourced, is crucial to the company's operation. The logistics operation is a distinct entity, but it can only contribute to the success of the company if it is fully integrated with all the other functions, including manufacturing, marketing, sales and human resources.
- 3.3.5 The West Midlands lies at the heart of the country as a centre not only for the consumption of retail goods and foodstuffs but also as a major centre of manufacturing and infrastructure development. Manufacturing requires the supply of raw materials and the transport of finished goods whilst infrastructure needs bulk materials for construction development and power supply. The region has long been a centre for the movement of bulk materials such as coal, aggregates steel and oil either by both road and rail. However, the transport and delivery of

11 According to Skills for Logistics 2010 (the Sector Skills Council for the UK's freight logistics industries),

12 Office of National Statistics (ONS).

such materials tends to be terminal or factory specific and does not relate, generally to the use or establishment of more general logistics centres.

- 3.3.6 National and regional logistics centres are critical to the effective and economic distribution of consumer goods and foodstuffs to retailers and supermarkets. Imported goods are received in bulk at ports mainly in the North West, South and East of the country and taken to individual company national distribution warehouses where bulk volumes are broken down and distributed via company networks of smaller regional or local distribution centres and ultimately to retail premises and the consumer. In the same manner goods and foodstuffs produced in the U.K. and in mainland Europe are distributed through distribution centres. A key element of large distribution centres is they must accommodate large warehouse facilities for individual companies where goods handling may be organised and distributed effectively.
- 3.3.7 This study, considering the need for Regional Logistics Site is therefore predominantly concerned with the movement of consumer goods to retailers and to the consumer. There are terminals within the study area, both for road and rail, handling bulk or specialist materials; however these are not considered in this study as they do not have similar warehouse requirements or logistics centre distribution needs.

3.4 Other definitions

- 3.4.1 The DfT guidance identifies other types of rail freight interchange that are also important in meeting the Government's rail freight growth and modal shift objectives, but which do not fall within the definition of a SFRI. These include inter modal only RFIs, rail-linked warehousing RFI and bulk material terminals, as described below.

Intermodal-only Rail Freight Interchange (IRFI or IRFT)

- 3.4.2 This focuses on a single activity – inter modal handling. Inter modal RFIs will often be located at key points in urban areas, but can also be located in such a way as to act as sub-regional, regional or company-specific hubs where there is sufficient competing terminal capacity. Typically an intermodal only RFI will range in size with a site area from 10 to 30ha and will include an area for container storage and stacking.

Rail-linked warehousing RFI

- 3.4.3 This comprises generally small-scale facilities, focusing on a single activity. It can be a single unit, sometimes serving a single customer or logistics company. These facilities will have similar locational requirements to other rail interchanges and can be located in urban areas. The site area for a typical rail connected warehouse would be in the range of 10 to 30ha.

Bulk material terminals

- 3.4.4 This type of facility can be used to handle any of a variety of products such as coal, aggregates, cement, and even cars, and can be linked to a specific manufacturing, processing or distribution facility. Bulk terminals are almost always owned and operated by a single company handling a single type of product. A bulk terminal, depending on the need for on-site manufacturing or processing, will typically range in site area from 5 to 10ha.

National Distribution Centre (Source: Black County Logistics Technical Report, 2005)

- 3.4.5 National Distribution Centres (NDCs) are consolidation and holding points for imported and nationally sourced goods, prior to redistribution to other stages in the supply chain. They are particularly prominent in the supply of non-food goods or any slow moving, food or non-food, less bulky products like clothing or electrical items to the retail industry. The average dwell-

time for goods is around four weeks and some NDCs undertake some value added activities such as customising and packaging.

Regional Distribution Centre (Source: Black County Logistics Technical Report, 2005)

3.4.6 Regional Distribution Centres (RDCs) serve a regional hinterland. Like NDCs they receive, hold and re-distribute goods, but the emphasis is on consolidation and redistribution in the shortest possible time period, rather than inventory holding. Average dwell time is about two weeks but can be as little as 24 to 48 hours.

3.4.7 Both NDCs and RDCs are mainly operated by, or on behalf of, suppliers or retailers, although they are sometimes operated by (or on behalf of) manufacturers who do not have enough on-site space for holding inventory or, where for 'Just in Time' (JIT) reasons, it is necessary to hold stock in close proximity to the end user – e.g. some component suppliers in the automotive industry.

Freight Consolidation Centres (FCCs)

3.4.8 FCCs are distribution centres, situated close to a town centre, shopping centre or construction site, at which part loads are consolidated and from which a lower number of consolidated loads are delivered to the target area. The FCC concept has been introduced in the UK through a small number of high profile sites over the previous decade - at Heathrow, Bristol Broadmead, Sheffield Meadowhall and the London Construction Consolidation Centre. They are increasingly proposed in local authority strategic plans and industry trade publications as a tool to help achieve improvements in local air quality, reduced traffic congestion and greater efficiency through the optimisation of land use, faster deliveries and in the case of the construction industry reduced material and time wastage. Although 3PL companies are seeing this as a new business opportunity their take up has proved to be slow due to the problem of who should fund them. Several other freight consolidation studies and, research initiatives and plans for implementations have been pursued since 2007, including Newcastle, Southampton, Westminster, Birmingham, Covent Garden, White City Shopping Centre, the Olympic Park, Strathclyde, Perth & Dundee, Edinburgh and Aberdeen.

Use Classes

3.4.9 The report refers to the standard use classes as set out in the Town and Country Planning (Use Classes) Order 1987. These include:

- B1c Light industrial use (higher value industrial use)
- B2 General industry and manufacturing ("manufacturing")
- B8 Warehouse, distribution and storage ("distribution")

3.4.10 It is important, however, to recognise that logistics can cut across planning sectors, with B1c and B2 uses necessarily including logistics functions and therefore often incorporating substantial amounts of warehousing.

3.4.11 Standard Industrial Classification (SIC) classifies business establishments and other statistical units by the type of economic activity in which they are engaged. SIC codes do not correspond with distribution e.g. retailers' distribution activities tend to fall with the retail sector. In addition some logistics type uses are classed as sui generis uses (e.g. haulage depots).

3.5 The Logistics Supply Chain

- 3.5.1 Most goods distribution is by road, with large retailers often employing or working in partnership with established logistics operators. The use of warehousing for the storage and sorting of goods and the making up of delivery orders is an integral part of the logistics operation. Warehouses may be owned and operated by the retailer but are often sub-contracted to the logistics operator. Large heavy goods vehicles are used for the longer distances to distribution centres. These vehicles may be curtain sided or of specialist design but goods imported through ports is largely carried in inter modal containers which are transferred from ship to road or rail vehicles.
- 3.5.2 Distribution forms a significant cost element for retailers and supermarkets and will either be managed through specialist in house departments operating their own vehicles or as mentioned, through contracts with specialist logistics operators who will often organise the whole logistics package including warehouse management and vehicle operation.
- 3.5.3 Companies' distribution networks are constantly evolving from an historic position and through rationalisation. Vacating less than ideally located property with lengthy unexpired lease terms can carry high exit costs and preclude an optimum solution i.e. companies remain where they are due to the inflexible nature of commercial leases.
- 3.5.4 Often scarcity of choice of site/premises will dictate location and invariably this means that companies will reach a compromise in relation to choice of distribution premises particularly in relation to the larger units. Pets at Home's first RDC was at Stoke and the second was located in Northampton although the preference was for a location further south but no suitable property was available.
- 3.5.5 Changing arrangements with 3PL providers can also result in evolving supply chain arrangements. Comet currently utilises three distribution centres across the UK in Harlow, Skelmersdale and Corby. As part of a new agreement with Wincanton, it is proposing to move operations currently run by DHL under a specific lease out of Corby and consolidate them into the other two sites with the loss of 160 jobs.
- 3.5.6 Reliability, speed and frequency of delivery are essential, especially for perishable goods such as foodstuffs, as stores do not have large storage areas at stores. Large national retailers utilise as much store floor space as possible for face to face customer sales rather than storage areas because of rental costs, and rely on efficient and timely logistics operations to ensure goods are fresh and up to date.
- 3.5.7 The total logistics package is part of the overall supply chain. Use of road or rail or other mode will fit within the supply chain needs of an individual company. It is not correct to assume that companies in the same sector, for example food retail, always have the same needs or adopt the same method of logistics, as illustrated in three case studies below.

Case Study 1 - Warburtons

- 3.5.8 Warburtons is the UK's largest independent baking business and the second largest grocery brand in the UK¹³. It employs approximately 5,000 employees in 12 bakeries and 13 depots across the country and produces over 2 million bakery products each day. Ensuring fresh product delivery is of critical importance. It achieves this through road distribution using 900

13 13 March 2011, Nielson Data

delivery vehicles from a network of bakeries and depots which produce goods and deliver to point of sale.

- 3.5.9 In the study area there is a bakery in Wednesbury and the nearest depot is in Stone. Products sold in the Black Country are delivered from Wednesbury which has delivery capability. Warburtons has considered alongside Tesco use of rail as a distribution mode but this has not been taken up due to the fresh nature of its products.

Case Study 2 - Tesco

- 3.5.10 National retailer Tesco has recently focused on improving and integrating primary and secondary transport fleets. Tesco has been driving a variety of supply chain initiatives and new business practices across fuel management, recycling, the development of intermodal transport solutions, reverse logistics¹⁴ and collaborative transport options with suppliers, including growth in backhauling and front hauling.

- 3.5.11 Tesco has made significant infrastructure changes over the last few years, involving a number of new warehouse openings and site closures. Tesco moved out of the Crick regional distribution centre and the Wincanton-operated Middleton depot to take on more network capacity at a new composite distribution centre at Livingston and a new purpose-built Regional Distribution Centre (RDC) at Lichfield.

- 3.5.12 Tesco serves its main stores in the Black Country including its Extra stores at Walsall, Dudley and Willenhall normally from three separate locations, one of which is the SRFI at Daventry International Rail Freight Terminal (DIRFT)¹⁵. These include:

- Fresh produce – by road from a distribution depot at Hinckley, Leicestershire;
- Ambient goods¹⁶ – by road from the 700,000 sq. ft. (65,030 sq. m.) RDC at Fradley Park, Lichfield;
- Frozen produce - by road from a 840,000 sq. ft. (78,035 sq. m.) rail-connected distribution centre at DIRFT II; and
- Non-food products – these are stocked in and picked from several specialist warehouses around the country. Clothing comes out of one warehouse at Daventry, other non-food lines out of another warehouse at Daventry, direct import electricals come out of Deeside and so on. None of these warehouses are sending large volumes to a single store so to maximise transport efficiency they send goods picked for a range of stores first to one of ten regional transport hubs that each serve a group of stores. Here the vehicles are unloaded, the contents split down by store order and then the goods from each warehouse are brought back together for each single store so that full vehicles can be sent out to individual stores.

14 The Reverse Logistics Association defines "reverse logistics" as all activity associated with a product/service after the point of sale, the ultimate goal to optimize or make more efficient aftermarket activity, thus saving money and environmental resources.

15 DIRFT is a rail-road intermodal freight terminal with an associated warehousing estate; the facility is located at the junctions between the M1 motorway, A5 and A428 roads with a rail connection from the Northampton loop of the West Coast Main Line.

16 Groceries that can be stored at room temperature

Case Study 3 - A.F. Blakemore & Son Ltd

- 3.5.13 A.F. Blakemore & Son Ltd is a food and drink retail, wholesale and distribution business with three sites in the Black Country with its headquarters at Willenhall. The company owns SPAR wholesale, distribution and retail operations and operates most of SPAR's 24 hour outlets. It employs 7,900 people with a turnover in excess of £1.1 billion.¹⁷
- 3.5.14 Blakemore delivers goods to point of sale rather than trunks goods. It delivers to SPAR shops, schools, restaurants, Government buildings et cetera. Its delivery consignment sizes are relatively small and HGV and LGVs are used. It would not therefore be persuaded to relocate to a RLS should one be constructed. Inbound deliveries using a RLS including rail facilities may, however be a realistic possibility. The company for, example, receives six trailers of bottled milk daily from Wiseman Dairies. Similar frequent consignments of soft and alcoholic drinks also arrive by HGV for onward delivery. These types of high frequency deliveries could be suitable for transit through a RLS facility.

¹⁷ According to www.afblakemore.com/about-us/group-overview

4. IDENTIFY THE RELEVANT CATCHMENT AREAS ASSOCIATED WITH A RSL/SFRI AND POTENTIAL RSL USERS;

4.1 What geographical area would a RLS serve and is the study area a distinct market?

- 4.1.1 The two most important considerations in designing national distribution networks are vehicle fill and driver hour regulations¹⁸. Proximity to market and between distribution centres are therefore critical criteria. However, the optimum drive time for distribution of consumer goods will differ enormously from one retailer to another, from one type of product to another and from one type of operation to another.
- 4.1.2 For some companies a single national distribution centre may be the right solution in which case a midlands location is almost always the best choice and is why there is such a concentration of warehouses in the area. For another company a regional solution may be best.
- 4.1.3 The number and location of distribution centres will depend on the number of points they are delivering to and the volume of product sent. There is no single drive time calculation that will apply to all companies. Even Tesco, Asda, Morrisons and Sainsbury's are likely to have very different requirements as they have differences in their distribution strategy and different distributions of stores and existing warehouses.
- 4.1.4 There is little commonality within types of user. An exception is probably parcel courier companies who all have around 60 depots around the country.
- 4.1.5 Chapter 5 outlines the differing size and functions of potential units at a RLS. In the instance of NDCs, for example the catchment area or consumer market that a retailer would seek to distribute to would cover a large geographical area e.g. the north of England whereas smaller RDCs may cover or serve part or all of the West Midlands including Black Country and southern Staffordshire.
- 4.1.6 The study area would not therefore be a distinct market area for occupiers seeking to distribute from 'jumbo' or larger strategic warehouses. The study area could conceivably be a distinct market area for occupiers seeking to distribute traditional, medium and small strategic warehouses, although in distribution property market probably considers Black Country/Birmingham as more of a typical area of search to meet space requirements. The catchment area for a RLS is not therefore necessarily co-terminus with the West Midlands geographic region on which existing RLS policy within RSS 2008 is based.
- 4.1.7 Given that the defining characteristic and primary purpose of a RLS is to provide warehousing of a large strategic nature and that these would typically serve a regional market (i.e. the west midlands as a minimum increasing to serve the entire Midlands and beyond in the case of a NDC), then a specific location within the Midlands would not usually be a pre-requisite search criteria, however good access to road, rail and labour and availability will normally govern the site selection process. A more detailed review of industry requirements follows in Chapter 5.

18 Rules on drivers' hours and tachographs; VOSA Revised 2011

5. TASK 1 - ASSESS INDUSTRY REQUIREMENTS PARTICULARLY WITH REFERENCE TO THE TYPE OF SITE THAT WOULD BE SUITABLE. ESTABLISH THE PROS AND CONS OF ALTERNATIVE APPROACHES TO RLS PROVISION (LARGE BESPOKE SITE OR HUB AND SPOKE MODEL)

5.1.1 This section:

- provides a hierarchy of floor space, characteristics and occupiers typically found and required at large scale distribution parks;
- assesses industry requirements for a RLS are assessed with reference to the type or site characteristics that would be suitable and attractive; and
- discusses the pros and cons of alternative RLS models are established.

5.1.2 Understanding the rapidly evolving nature of the key area of retail logistics is important as this influences property requirements.

5.1.3 According to the latest surveys¹⁹, British online shoppers spent between £50 and £68bn in 2011, on average 15% more than 2010. According to the IMRG index, e-retail now accounts for 17% of the total UK retail market and is likely to increase with the rise of mobile commerce and following high sales of tablet computers.

5.1.4 Online shopping will account for at least a third of UK retail commerce by 2022, up from 13 per cent, and the high street will no longer be where transactions are primarily made, according to Economist Intelligence Unit forecasts.²⁰

5.1.5 Retailers are responding accordingly by purposefully developing logistics strategies to be near to customers as the rise in internet shopping continues to heavily influence site/premises search. Tesco opened its fourth on line delivery 'dark store' of 115, 000 sq. ft. in 2010 in Enfield in order to meet on line order demand in densely populated areas. Amazon has also adopted the strategy of getting closer to shoppers.

5.1.6 Retailers are directly commissioning warehouse space in locations to suit their networks. This is a growing trend as retailers look to reduce expenditure on freight and speed up delivery times. Grocery distribution centers are usually located close to the populations they serve whereas consumer goods retailers less constrained by delivery times tend to operate from NDCs. Retailers are also starting to consider delivering goods directly to customers rather than through Royal Mail and are therefore looking for parcel hubs of between 50,000 and 100,000 sq. ft. (4,645 to 9,290 sq. m.) located close to urban centers. In contrast some retailers are consolidating their distribution operations into fewer larger hubs to increase efficiency. Marks and Spencer, for example, has taken a 1.1 million sq. ft. (102,190 sq. m.) distribution unit in Bradford to service its stores in the north.

5.1.7 Henderson Global Investors research commented in September 2012²¹ that "e fulfillment is increasing the demand for edge of town sites, while proximity to the stores' portfolios remains more important for NDCs. We're also seeing distribution becoming more port-centric."

19 IMRG Capgemini Retail Sales Index 2011 and Kelkoo and the Centre for Retail Research

20 Retail 2022 report by EIU October 2012

21 Retail Week 11/9/12

- 5.1.8 CBRE and The Logistics Business advise that B8 occupiers and investors are typically looking for large scale sites offering differing plot sizes from 50,000 sq. ft.(4,645 sq. m.) to 1 million sq. ft. + (92,900 sq. m.). A land area of 22.5 hectares would be required to accommodate a unit of this size based on a typical built density of 40%.
- 5.1.9 A hierarchy of floor space, characteristics and occupiers typically found and required at large scale distribution parks are described below. Typically a RLS or SRFI site will be made up of a combination of these units:
- *'Jumbo' Strategic Warehouse*
 - 500,000 sq. ft. (46,450 sq. m.) + in size.
 - Often occupied by retailers who are taking space for a National Distribution Centre within their network.
 - Typical occupiers are leading retailers such as Marks and Spencer, Tesco, IKEA and other high street operators. Sainsbury's is for example taking a 1 million sq ft rail connected warehouse at Prologis' Daventry International Rail Freight Terminal (DIRFT II) to be completed by April 2014, providing evidence of demand for a regional distribution centre in the Midlands.
 - *Large Strategic Warehouse*
 - 300,000 sq. ft. (28,870 sq. m.) – 500,000 sq. ft. (46,450 sq. m.) in size.
 - Typical occupiers include 3PLs (Wincanton, DHL, Exel, TNT et cetera) taking space for a specific contract or customer. Primary distribution units for manufacturers are also typical uses for strategic warehouses in this size group. This could also include a smaller NDC or part of a RDC network.
 - *Traditional Strategic Warehouse*
 - 100,000 sq. ft. (9,290 sq. m.) – 300,000 sq. ft. (28,870 sq. m.) providing a wider range of operational uses, but location remains key. Generally provides a mix of smaller NDC and RDC operations. Also used as a hub within the hub and spoke distribution model.
 - *Medium Strategic Warehouse*
 - 50,000 sq. ft. (4,645 sq. m.) – 100,000 sq. ft. (9,290 sq. m.) in size.
 - Warehouses in this size are often used for home delivery operations, internet-retailing fulfilment, out of town consolidation and other secondary distribution activities. Also used for local distribution centre operations.
 - *Small Strategic Warehouse*
 - Less than 50,000 sq. ft. (4,645 sq. m.) of floor space.
 - Typically used for smaller contract specific 3PL operations, express parcel delivery units and smaller regional transport companies.

5.2 Industry requirements for a RLS

5.2.1 Traditional factors which are fundamental to sites being commercially attractive to the logistics market include:

- Proximity to Market
- Modal Flexibility
- Site Availability and Size
- Labour

5.2.2 Proximity to Market

5.2.3 Proximity can be the sole driver in industries where it is imperative to get goods to an end consumer, particularly where the product is perishable. Key industries such as food production, parts manufacture, and others that produce high-turnover, quick-demand items, must consider proximity to the customer or end user when making site selection decisions.

5.2.4 Proximity will serve to reduce distribution costs via lower fuel costs and contribute towards greening and CO₂ reduction strategies.

5.2.5 Evidence from the comments section of a 2008 report survey²² shows that close geographical location of distribution centres to final point of delivery is key for a logistics operator to achieve the most efficient network design, with industry estimating that £2 per km is added to transport costs for every 1km located away from the optimum location between delivery and input points. This is the reason why the Midlands is a preferred location for large scale distribution centres. The region's central location and motorway network access means that 75% of the UK population can be reached within 4.5 hour LGV drive time, the maximum uninterrupted drive time permitted in the UK.²³

5.2.6 Proximity to market is a key factor involved in the decision of location of distribution centres. It stands to reason that there is a correlation between distribution infrastructure for consumer and supermarket goods and population density (i.e. the consumer market). In broad terms then RLS users will aim to minimise their distribution costs by locating elements of their distribution network as close as possible to consumers or centres of population.

5.2.7 2011 Census²⁴ population densities per square km densities are shown on in Figure 5.1 below and demonstrate that the Back Country authorities in particular have comparable population density to Birmingham. Together these five authorities have a combined population of over 2.2 million people.

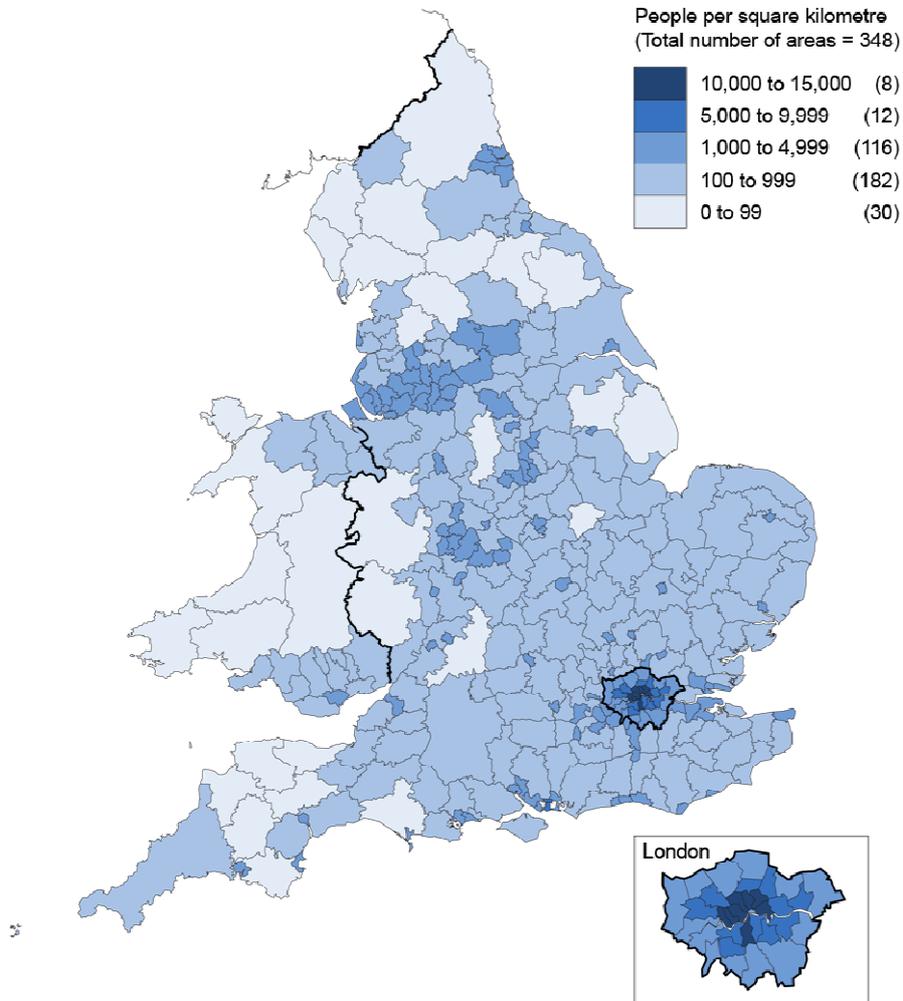
22 Doncaster Logistics Strategy 2008 - Atisreal

23 P.47 Regional Logistics Study Stage 1 2004: King Sturge

24 2011 Census - Population and Household Estimates for England and Wales, March 2011

Figure 5.1 UK Population Density 2011

Population density of usual residents by local or unitary authority, 2011



Source: Office for National Statistics
 Contains National Statistics data © Crown copyright and database right 2012
 Contains Ordnance Survey data © Crown copyright and database right 2012

5.2.8 Modal Flexibility

- Road
 - For a rail connected logistics site comprising 200,000 sq. m. of NDC floor space, this would equate to around 330 outbound HGV road trips per day²⁵. Sites containing RDC

²⁵ 2004 Assessment of rail freight terminal potential for Corby Borough Council, MDS Transmodal

floor space will generate additional road traffic movements due to the faster turnover of stock at such facilities. In addition to this, any inter modal terminal facility will also be serving manufacturers and distribution activities located off site by road. Facilities must therefore have good access to the highway network. A quality network must be maintained with good access, reasonable flow through congested areas and alternate routing capability.

- Modal choice
 - In our practical experience whilst a rail terminal will not dissuade users from locating at a RLS, for the majority it will play little part in their decision. We do not believe that rail connection is essential for the majority of industries particularly those that are most likely to be the users of such a site. This is even more true for a Midlands location due to its relatively close proximity by road to a large percentage of the nation's population, the very reason why the Midlands is so often chosen for central or national distribution. The evidence to support this view is contained at Appendix F.
 - Increasingly, however, occupiers are insistent on the provision of modal choice even if they do not currently split transport solutions. This provides them with confidence that they have “future proofed” their facility choice thus also facilitating the business justification for their new site. This is backed up through CBRE's experience with occupiers at Birch Coppice. There is increasing focus on multimodality from logistics occupiers providing alternative logistics solutions in order to minimise the supply chain cost.
 - In light of market trends towards multimodality locations will require good access to major rail freight routes preferably with W10 gauge capacity and will in the case of the West Midlands also benefit from proximity to Birmingham Airport and East Midlands Airport. According to recent figures released by the Civil Aviation Authority (CAA), Birmingham processed over 21,000 tonnes of cargo (much of it manufactured goods for export) across dedicated freight and passenger flights, up 65 per cent on 2009 figures. East Midlands is now the second largest UK cargo airport²⁶.

5.2.9 Site Availability and Size

- Commercially attractive SRFI sites are considered to include an inter modal terminal, distribution warehousing, with at least 200,000 sq. m. of floor space in total, and individual plots allowing very large units. In reality the relative limited supply of suitable sites means that occupiers will be faced with limited choice for larger requirements and may have to make compromises in site selection.
- Enquiries logged by CBRE and anecdotal evidence from the agent community show that recent new developments indicate that the market is increasingly demanding the following:
 - a) Facilities in excess of 50,000m² (538,000 sq ft) (5 ha plot) and up to 150,000m² (1.6M sq ft) (25ha plot);
 - b) Height – 16m minimum, up to 30+m;

²⁶ UK Airports Market - General Context, Working Paper September 2011. Civil Aviation Authority

- c) Internal rail reception sidings capable of receiving trains up to 750m trailing length; and
 - d) An appropriate estate road layout together with parking facilities to accommodate visiting HGVs.
- The logistics market is increasingly looking for developments which facilitate a range of site size and floor space appropriate to meeting distribution needs – including local, regional, and strategic or SRFI. In this manner, the largest retailers and distributors are able to site share with other ancillary firms. This may also produce a traffic mix more acceptable to both the park occupiers and surrounding community.
 - Given the size and environmental impacts of SRFI developments there is restricted availability and choice in the market. DfT guidance of 2011 noted that in recent years five out of six applications for SFRIs have been rejected through the planning process. Occupiers with large floorspace requirements are typically faced with less than ideal property solutions in terms of location and therefore search areas cover large geographical areas.

5.2.10 Labour

- Companies locating at a RLS facility will naturally consider availability and cost of labour supply in order to inform a preferred location choice. They will prefer to locate closer to an abundant labour supply with good public transport links.
- Large distribution parks can create labour shortages, increase staff turnover and raise costs, therefore some users avoid large sites though in our experience there are few skill shortages except for drivers. Some users have to bus workers considerable distances to some large sites. It is not uncommon to find workers at sites around Daventry / Northampton / Milton Keynes being bussed from towns and cities such as Wellingborough, Corby and Leicester.

5.3 The pros and cons of alternative RLS models – single site versus ‘hub and spoke’

- 5.3.1 It has been suggested²⁷ that a ‘Hub and Spoke’ delivery system might be suitable to meet the needs of logistics in South Staffordshire and the Black Country as opposed to a single site approach. “Hub and Spoke” as envisaged is understood to mean; goods arriving by rail, inter modal in containers or conventional wagons, unloaded at a rail terminal and then delivered by road to warehouses in the surrounding area.
- 5.3.2 In reality, this concept is a traditional type of rail terminal where goods arrive by rail for onward delivery by road. The hub and spoke model is not a RLS or a centre for logistics activity as warehouses remain spread throughout the area and rail delivery is not integrated with other logistics needs.
- 5.3.3 For bulk materials such as coal or aggregates, operation through private sidings or dedicated rail terminals is an essential part of the delivery chain. The availability of terminals for domestic consumer goods provides greater challenges. The use of a hub rail terminal, where inter modal containers are unloaded from rail to road trailers and then delivered to nearby warehouses would add handling and delivery costs which would make rail uneconomic.

²⁷ See page 121 of the Panel Report on the West Midlands RSS Phase Two Revision Sept 2009

- 5.3.4 Rail's major strength in the intermodal market is the movement of containers from ports to large inland distribution centres. Such flows are high volume from rail port siding direct to rail linked distribution warehousing illustrated by that available at DIRFT, Hams Hall, Birch Coppice, Trafford Park and Ditton. The development of rail linked distribution centres (Strategic Rail Freight Interchanges or SRFI) is a key part of developing the attractiveness of rail as an option to road for longer bulk hauls and makes rail become an integral part of the logistics supply chain. In this model i.e. a single site approach rail can become an integral as part of the logistics chain offering cost savings compared to movement of goods by road only.
- 5.3.5 Shippers move goods by rail as part of the logistics operation only where rail is able to meet the market need in terms of reliability, quality and price. The choice between road and rail is made on how goods may be moved most cost effectively and efficiently to meet delivery requirements. Rail must compete with road in terms of price, suitability and reliability.
- 5.3.6 Conventional rail freight handled through a traditional type terminal is more expensive because of higher handling costs and the added expense of road delivery. Such terminals do not generally meet the needs of modern logistics operations as they are not closely integrated with logistics operations.
- 5.3.7 The establishment of a "stand alone" conventional rail terminal is also less attractive to investors. Although not as expensive as a large SRFI, there would remain a significant cost in providing rail connections to a main line, providing sidings, cranes, container storage areas, roadways and staffing. Developers investing in logistics centres or rail/road SRFIs achieve their investment returns from the leasing of warehouse space to major retailers and logistics operators. A company building a conventional rail terminal without a concentration of warehousing has no such opportunity. In these circumstances investment costs can only be recovered through rail transit and handling charges for traffic passing through the terminal. This would make any such movement by rail even more uncompetitive compared to costs of direct delivery by road.
- 5.3.8 The concept of SRFIs to integrate rail with logistics delivery was developed to overcome the economic and operational disadvantages of using rail and the disadvantages of conventional rail terminals and onwards delivery. SRFIs have proved successful in a number of major developments in encouraging the greater use of rail for freight movements.
- 5.3.9 "Hub and Spoke" in pure logistics terms means a concentration of warehousing and logistics activity at one site where goods are brought in, either by road, rail or other mode, delivered to warehouses for goods to be mixed and sorted and then delivered by appropriate mode to the end customer or further distribution centres.
- 5.3.10 The Hub is therefore a concentration of logistics activity through warehousing and re-distribution. Adopters of the multi-tier model such as Tesco and B&Q have achieved superior customer service levels, streamlined inventory across the supply network, reduced costs and improved flexibility. In this model, the retailer may have a large national distribution centre (NDC), several regional distribution centres (RDC) and local distribution centres (LDC). The larger facilities enable the firm to capture the economies of scale that derive from large volume handling.
- 5.3.11 In this model, freight is broken down into smaller and smaller units for onward distribution. As freight progresses through the network, handling and time on site decreases. The smallest of these are located as close to the end user as possible to reduce the last leg of the journey. The largest however, are generally located within easy reach of the product entry point, with land and labour availability/cost taken into account and with ease of access for onward distribution to market.

5.3.12 Hub and spoke in logistics terms therefore works for large retailers where they have control over the supply chain including tenure of sites and premises.

5.4 Conclusion

5.4.1 Factors which are fundamental to sites being commercially attractive to the logistics market include:

- Proximity to Market
- Modal Flexibility
- Site Availability and Size
- Labour

5.4.2 The “Hub and Spoke” concept using traditional and freestanding rail terminals is not generally economically viable or attractive to investors and logistics operators. There may be exceptions for single operator or single traffic terminals, but overall for viability reasons a successful RLS is much more likely to be part of a multi-modal logistics centre to provide the modal flexibility and scale occupiers tend to require.

- 6. TASK 4: SHOULD AN ELEMENT OF MANUFACTURING (B2 USES) BE PERMITTED ALONGSIDE B8?**
- 6.1 Should an element of manufacturing (B2 uses) be permitted alongside B8?**
- 6.1.1 Paragraph 7.47 of the West Midlands RSS 2008 requires that development uses on RLS are strictly controlled with B1 and B2 uses only permitted if it could be demonstrated that they were essential to support the primary purpose of the site.
- 6.1.2 Incorporating this flexible planning approach, permitting an element of B2 and B1, offers useful flexibility and could help to attract a combined B2 and B8 operation for one user. This allows for RLS to maximise economic development value from such a development and so long as the development adequately deals with its impact through the consenting process, here is no obvious reason to question the soundness of the existing policy.
- 6.1.3 Clearly though where a local authority or LEP is promoting sites for B2 or B1 uses in economic development strategies, regeneration initiatives and local plans, care must be taken to ensure that a RLS does not prejudice or compromise the attempts to secure these policy objectives.
- 6.1.4 If planning consents can be granted at a RLS which can control the quantum of B2 space developed and do not allow for the most attractive warehouse plots to be taken up by B2 uses (i.e. logistics growth should not be discouraged) then there is no obvious reason why this should not be pursued. Our consultation with North Warwickshire BC suggested that it would take a selective approach and would seek a high value or high technology B2 use rather than any B2 user or one with any bad neighbour issues.
- 6.1.5 The investment at i54 leading to large scale B2 occupiers such as JLR has demonstrated that significant direct and indirect economic benefits can be achieved by bringing forward development ready sites. A number of consultees believed that JLR itself and JLR's supply chain would be interested in a RLS type facility. It was suggested that JLR could use rail as a means of moving car parts and finished product between a site potentially located close to i54 and other car plants in the West Midlands and Halewood on Merseyside.
- 6.1.6 Kilbride Group which is promoting a site at Four Ashes has had experience with JLR in previous automotive supply chain projects. For example at Castle Bromwich, Kilbride has previously developed a facility for JLR for finished vehicle dispatches and an inter modal/container handling centre for the adjacent manufacturing plant.
- 6.1.7 Other consultees have suggested that JLR's supply chain would be interested in locating at an RLS facility enabling just in time delivery to the engine plant. JLR has been asked to participate in the study, however, to date no confirmatory evidence has been provided.
- 6.1.8 It remains the case though that adopting a flexible mixed use approach which permits an element of B2 alongside B8 could serve to attract occupiers wishing to combine both uses at the same location (see Hotter Shoes case study at Paragraph 8.5.27) and also to support existing strategic projects such as JLR. A restricted planning approach (see Chapter 9 for more detail) is likely to be necessary to avoid potential diversion of B2 interest in other suitable locations promoted through economic development strategies and local plans.

7. THE CURRENT POLICY CONTEXT AND EVIDENCE BASE FOR A RLS

7.1 Introduction

- 7.1.1 This chapter provides a summary of the changing policy context in relation to dedicated provision of a RLS to serve the Black Country and southern Staffordshire. Policy support for a RLS is drawn from land use planning and transport policy and its supporting evidence at the national, regional and sub-regional level.
- 7.1.2 Up until very recently, the planning policy framework for the Black Country and southern Staffordshire included a hierarchy of documents; Planning Policy Statements and Planning Policy Guidance at the national level²⁸, the West Midlands Regional Spatial Strategy (adopted 2004 and updated in 2008) and a series of emerging Local Development Frameworks at the local authority level.
- 7.1.3 The following analysis documents how this policy framework has changed over time, and what the implications are for RLS policy.

7.2 The Changing National Policy Context

- 7.2.1 In March 2012, the National Planning Policy Framework (NPPF) was published; the result of a comprehensive review of the Government's planning policies for England, which replaces the previous raft of planning policy guidance documents with a single statement.
- 7.2.2 Under the NPPF local planning authorities now have a specific 'duty to cooperate' in relation to strategic priorities that cross local authority boundaries. Requirements to prepare and maintain a robust evidence base remain, but this evidence base must be "proportionate" as well as "adequate, up-to-date and relevant".
- 7.2.3 The evidence base should be used to "*plan proactively*" to identify "*objectively assessed business and development needs*" for land or floor space, the existing and future supply, and its sufficiency and suitability to meet the identified needs (working across their local area and with county and neighbouring authorities, LEPs and the business community).
- 7.2.4 In promoting sustainable transport, "*encouragement should be given to solutions which support reductions in greenhouse gas emissions and reduce congestion*" (para 30) and Local authorities should work with neighbouring authorities and transport providers to develop strategies for the provision of infrastructure such as rail freight interchanges... (para 31).
- 7.2.5 Local Plans should "*protect and exploit opportunities for the use of sustainable transport modes for the movement of goods or people*" (para 35) for example by identifying and protecting (where there is robust evidence) sites and routes which could be critical in developing infrastructure to widen transport choice (para 41).
- 7.2.6 Once established, Green Belt boundaries should only be altered in exceptional circumstances, through the preparation or review of the Local Plan. As with previous Green Belt policy,

28 including PPG13 – Transport (2001), which stated that local authorities should identify and protect sites which could be critical in developing infrastructure for the movement of freight (such as major freight interchanges) and where possible locate developments generating substantial freight movements such as distribution and warehousing, away from congested central areas and residential areas, with adequate access to trunk roads.

inappropriate development is, by definition, harmful to the Green Belt and should not be approved except in very special circumstances. 'Very special circumstances' will not exist unless the potential harm to the Green Belt by reason of inappropriateness, and any other harm, is clearly outweighed by other considerations.

7.2.7 If a proposed RLS is on Green Belt land then the NPPF sets out national policy. There is also likely to be saved local policies and emerging local plans that will be relevant. The test for considering proposed development in Green Belts is well rehearsed and enshrined in planning law.

7.2.8 For the avoidance of doubt a proposal for an RLS/SRFI would constitute inappropriate development if proposed within a Green Belt location and therefore there would be no presumption in favour of sustainable development. There has to exist very special circumstances to outweigh the presumption against inappropriate development in the Green Belt.

7.3 National Transport Policy

7.3.1 National transport policy is also evolving, with the revocation of National Policy Statement 13: Transport through the NPPF. The Department for Transport (DfT) published interim national policy guidance on Strategic Rail Freight Interchanges (SRFI) in November 2011, pending the publication of a consultation document on the National Networks National Policy Statement (NPS). Until such time as the NPS is published, this guidance provides the framework for decision making on development consent applications for the construction of SRFI infrastructure that fall within the definition of a Nationally Significant Infrastructure Project (NSIP).

7.3.2 The main objectives of Government policy for SRFIs are to reduce road congestion and carbon emissions, support long-term development of efficient rail freight distribution logistics and support growth and create employment. The statement sets out a summary of need, identifying the main drivers of demand as:

- Rail freight growth forecasts;
- Changing needs of the Logistics Sector;
- The Sustainable Transport and the Low Carbon Economy agenda; and
- National and local economic benefits.

7.3.3 On the basis of this assessment of need, the Planning Inspectorate is instructed to start its assessment of applications on the basis that nationally, there is a need to "*significantly increase the number of SRFI*".

7.3.4 Alongside the SRFI guidance the DfT also published the *Logistics Growth Review* (November 2011) which identifies logistics as a focus sector for the Government's 'Plan for Growth' and a "*critically important enabler of the success of other businesses of all sizes and sectors.*"

7.3.5 The review signals that Government will take actions to "*remove planning barriers to sustainable logistics development*" with a "*particular focus on strategic rail freight interchanges*"

7.4 The Changing Regional Policy Context

7.4.1 The West Midlands Regional Spatial Strategy was published by the ODPM as Regional Planning Guidance (RPG) in June 2004 and became part of the development plan for all planning authorities in the West Midlands. It also provided the overarching spatial framework for the preparation of local development documents and local transport plans, the Regional Economic Strategy and the Regional Transport Strategy.

7.4.2 In approving the RPG (RSS) in June 2004, the Secretary of State identified a number of policy issues that needed to be addressed in future revisions to the document:

- Phase One – the Black Country Study;
- Phase Two - housing and employment, transport and waste;
- Phase Three - rural services, culture/recreational provision, environmental issues and the provision of a framework for Gypsy and Traveller sites.

7.4.3 The RPG included several key policies which established the planning framework for Regional Logistics Sites.

- *Policy PA1: Prosperity for All* provided a strategic regional employment policy, establishing a focus on the Major Urban Areas (MUAs) and on creating greater opportunities for development and support for existing economic activities within identified regeneration areas²⁹.
- *Policy PA6: Portfolio of Employment Land* provided for a hierarchy of sites, including Regional Logistic Sites, as '*first tier sites/locations of Regional significance*'. *Policy PA6* tasked local authorities with providing a range of sites to meet the identified requirements, but recognised that regionally and sub-regionally significant strategic sites would have cross-boundary implications.
- *Policy PA9* set out a dedicated policy for Regional Logistics Sites. The supporting text stated that in seeking locations, urban areas, and sites immediately adjacent to motorway junctions where a high level of heavy goods traffic would further exacerbate congestion, were identified as being inappropriate. This policy still forms part of the development plan for each local authority in the study area. The policy stated:
 - A. Within the portfolio of employment sites, provision should be made for Regional Logistics Sites (RLS) the purpose of which will be to provide opportunities for the concentrated development of warehousing and distribution uses.
 - B. RLS will be identified within development plans. The Regional Planning Body (RPB) should be consulted on such proposals. :
 - C. The Region should have a choice of RLS available at any point in time and consideration and priority should be given to bringing forward previously developed sites in North Staffordshire and Telford. Development proposed on the edge of MUAs or on other greenfield sites should meet the criteria set out in policy PA1.

²⁹ The regeneration areas included a number of Regeneration Zones, including a Urban Regeneration Zone covering Northern Black Country and South Staffordshire (Policy PA2: Urban Regeneration Zones).

- 7.4.4 Stage One of the Regional Logistics Study (2004) was published in order to provide a clear and rational picture of the logistics sector in the short, medium and long term at both the national and regional level; and to identify robust criteria for assessing and choosing Regional Logistics Locations and Regional Logistics Sites. The second stage of the Study, published in September 2005, reviewed the locational criteria identified in the Stage 1 Study and suggested a number of amendments. It also provided conclusions and recommendations as to the number, size and broad preferred sub-regional locations for Regional Logistics Sites required by the Region up to 2021.
- 7.4.5 On the basis of a scenario of 70% of all B8 units over 25,000m² locating on a RLS, the Study concluded that between 334 and 361ha of land would be required in the region for RLS up to 2021. This was compared and equated with an estimate of the need for additional inter modal rail terminals³⁰, which suggested that between three and five additional intermodal terminals would be required in the West Midlands by 2021³¹.
- 7.4.6 In identifying broad sub-regional preferred locations for RLS, the report identified four 'best' regions and four 'good' sub-regions, with 'North Black Country/South Staffordshire' identified as one of the 'best' sub-regions³².
- 7.4.7 The Stage 1 and Stage 2 Regional Logistics Studies were subsequently used as supporting evidence for development of the Phase 2 Revisions to the RSS (considered further below).
- 7.5 The Phase 1 Review of the RPG**
- 7.5.1 As identified above, the Phase 1 revision to the RPG focused on the Black Country. The findings of the Black Country Study 2006, and its technical evidence base, provided the supporting evidence for the Phase 1 Revision which was approved in January 2008 (and the RPG reissued as a RSS).
- 7.5.2 The *Black Country Study* (2006) concluded that there was a need for more high quality locations to accommodate up to 17,000 new jobs in logistics by 2031 and that provision of an RLS would make a major contribution to the economy of the Black Country. However as the evidence had demonstrated that the provision of such a large site, with both rail and motorway connections and its requirement for 24 hour operating, was unlikely to be capable of accommodation within the Black Country itself, it was recommended that consideration be made for provision *in the environs of the Black Country*, with suitable access to the Black Country labour market.
- 7.5.3 Following the publication and Examination of the Phase One Revision in respect of the Black Country sub-region by CLG, a revised West Midlands RSS was issued in January 2008. The RSS (2008) recognised that the renewal and regeneration of the Black Country was critical to the delivery of the Spatial Strategy for the West Midlands.

30 Derived from the Transmodal GB Freight Model

31 Or four to six additional terminals if the terminal at Landor Street, Birmingham was to cease operation.

32 Burton, Lichfield and Sutton Coldfield'; 'Tamworth and Atherstone'; 'Nuneaton, Rugby and Coventry' where the other 'best' sub-regions.

7.6 The Phase 2 Review of the RSS

7.6.1 Work subsequently commenced on the Phase Two Review of the RSS and the West Midlands Regional Logistics Study was updated in May 2009 to inform this process. The authors found that existing requirements were still demanding optimal locations and there was very limited land supply to cater for this (albeit lower) level of demand.

7.6.2 The Update Study estimated that there was a shortfall of between 213ha and 345ha of land required at RLS by 2026 (i.e. between 4 to 6 new RLS) and concluded that new rail-linked RLS would need to be brought forward over the long term in order to satisfy future market demand and the requirements of planning policy at the national and regional level.

7.6.3 Taking on board the recommendations from the technical study update, the Phase 2 Revision was published, including amendments to Policy PA9 as Policy PA9b. Policy PA9b stated that *'at least 150 hectares of land could be required on RLS-type locations up to 2021'* and that a choice of RLS should be available at any point in time. Provision in the policy was revised stating that:

"consideration and priority should be given to bringing forward additional land taking account of the following in priority order:

- *1. Upgrade the existing rail-connected logistics facility at Birch Coppice near Tamworth to a RLS.*
- *2. The scope for the realistic extension of existing RLS in the region and DIRFT...., subject to local environmental and other constraints and recognising the proximity of Hams Hall and Birch Coppice and the need to avoid an over-concentration of RLS development within the same broad location; and*
- *3. The potential for new rail-served facilities to serve (a) the needs of the Black Country located in southern Staffordshire and (b) to serve the North Staffordshire conurbation.*

7.6.4 The Phase 2 Partial Revision was examined in the spring of 2009 and the Panel Report published in September 2009. The Panel Report was supportive of the concept of RLS provision, and confirmed that such provision had to be rail served, in the interests of sustainable transport. The Panel Report (September 2009) suggested amendments to the policy to the effect that "at least 150 ha" should be replaced with "at least 200-250 ha". In addition the Panel Report recommended (R5.14) that provision should utilise the full potential for the expansion of the existing RLS at Hams Hall, Birch Coppice and Hortonwood.

7.6.5 The Inspectors rejected the argument put forward at the Examination that the area of search should be constrained to South Staffordshire only. In May 2010 the Government announced its intention to abolish Regional Spatial Strategies and further work on the RSS was halted.

7.7 The Changing Regional Transport Policy Context

7.7.1 The *West Midlands Local Transport Plan (LTP)* is the statutory strategic transport policy framework for the Metropolitan Area. Reflecting national transport objectives and wider responsibilities towards transport, the LTP sets out key objectives which include (of relevance to this study) underpinning private sector led growth and economic regeneration, increased employment and low carbon technologies, achieving a reduction in the emission of greenhouse gas emissions, improving access to tackle deprivation and worklessness, and improving the quality of the local environment. The LTP recognises the importance of investment in freight to generate economic and carbon benefits with benefits to local

communities. This approved framework is outlined in the Long Term Theme 7 “*Sustainable and Efficient Freight Transport*”.

7.7.2 There is specific support for a Regional Logistics Site to serve the Black Country and southern Staffordshire in work being undertaken with respect to the emerging regional freight strategy, although this does not have statutory standing, unlike its predecessor³³. Centro has recently consulted on a ‘*Vision and Key Issues*’ Consultation for a new West Midlands Freight Strategy for the period to 2030.

7.7.3 The emerging Strategy identifies motorway network capacity in the Black Country as a key issue to address through the Strategy, recognising the impacts that congestion has on both national and local freight movements. The emerging Strategy finds that accessibility for businesses is recognised as being strong to the east of the Metropolitan Area with facilities such as DIRFT, Hams Hall or Landor Street, but weaker in the west, with significant numbers of businesses in the Black Country unable to access the rail freight network through an IRFT³⁴ within 10 or 20 minutes drive time.

7.8 The Changing Sub-Regional Policy Context

7.8.1 At the sub-regional level, the four Black Country Local Authorities (Dudley, Sandwell, Walsall and Wolverhampton) have worked together to produce a Joint Core Strategy for the Black Country (JCS), drawing on the Black Country Study (2006) and its associated evidence base.

7.8.2 In October 2010, the Inspectors’ Report into the examination of the Black Country Core Strategy was published. The Inspectors concluded that the Black Country did not currently have a site of the size necessary to provide for an RLS, according to the RSS criteria (i.e. a site of 50 hectares or more).

7.8.3 The JCS was subsequently adopted in February 2011. The JCS makes provision for 1,564ha of strategic, high quality employment land concentrated within easy reach of the motorway network, *of which 90ha will be provided by land in the district of South Staffordshire* (CSP1: The Growth Network).

7.8.4 JCS economic policies aim to provide land for at least 75,000 industrial and warehouse jobs in the Black Country by 2026 (Policy EMP1 Providing for Economic Growth and Jobs). Policy EMP1 allocates 104 ha of employment land (by 2026) at the i54, Hilton and Featherstone sites, which lie adjacent to the Black Country but are located within South Staffordshire District. Policy EMP1 recognises that that the existing employment land portfolio is not of sufficient quality to deliver the stated aspirations and Policy EMP2 therefore provides for a portfolio of ‘Strategic High Quality Employment Land’ deemed suitable for a growing and diversified economy. 526ha of such land is currently identified in the Black Country and will be safeguarded for manufacturing and logistics uses.

33 The former West Midlands Regional Freight Strategy (2007) prepared by Advantage West Midlands was annulled through the Localism Act (2011). Whilst it is not a statutory requirement to replace this strategy, Centro considers it important to coordinate investment to support the regional economy and reduce carbon emissions.

34 The consultation document notes that RLS have a different strategic role to a freestanding IRFT by providing logistical access to urban areas from on-site warehousing, while IRFT are primarily used for the movement of cargo containers for international trade

7.9 The Changing Local Policy Context

- 7.9.1 Taking on board the requirements set out in the Joint Black Country Core Strategy, South Staffordshire prepared its Publication Draft Core Strategy, and the examination into the South Staffordshire Core Strategy commenced in November 2011.
- 7.9.2 Text in the Publication Draft CS (February 2011) referred to the on-going and unresolved issue of provision of an RLS and the Council's concern about the "*lack of evidence to support a large logistics site in South Staffordshire*". The RLS issue was also considered by the Inspector and as a result, following the hearing process, the Council prepared two further schedules of Proposed Modifications to the Core Strategy, which were consulted on in February and June 2012.
- 7.9.3 The Proposed Modifications requested that the comprehensive study explore 'alternative approaches' such as a 'Hub and Spoke' approach that could limit environmental impact, including loss of Green Belt.
- 7.9.4 The South Staffordshire Core Strategy was found sound in October 2012. The Inspector's report confirms acceptance of the focus on the four strategic sites at i-54, Four Ashes, Hilton Cross and the former RO site at Brinsford.
- 7.9.5 Paragraph 66 of the Inspector's Report stated that Modification MM13 commits the Council to cooperating in the comprehensive study to update the evidence base and endeavouring to ensure that this is completed by end 2012. The Inspector noted that this was "*necessary for soundness*".

7.10 Other local authorities in the study area

- 7.10.1 For brevity purposes, the policy framework and supporting evidence for other local authorities in the study area is included at **Appendix A**.
- 7.10.2 *East Midlands*
- 7.10.3 Based on the findings of the East Midlands Strategic Distribution Study by MDS Transmodal/Roger Tym/Savills 2006, the East Midlands Regional Plan March 2009 recommended that an additional 308 hectares of land of rail connected B8 land be brought forward by 2026 and identified five preferred broad locations.

7.11 Review of the Current Policy Position

- 7.11.1 The preceding text in this chapter clearly demonstrates that the policy context supporting Regional Logistics sites has evolved since 2004 and is likely to continue to evolve. For example, a consultation draft National Networks National Policy Statement is still to be published which will set out the need for new Nationally Significant Infrastructure Projects (including SRFI) and the associated impacts.
- 7.11.2 Perhaps the most problematic issue facing the study area authorities is that the policy providing specific support for provision of an RLS to serve the Black Country and southern Staffordshire, as a regional priority (Policy PA9b), has no statutory standing. Although the RSS Partial Review (Phase 2) policy provided up to date guidance in terms of the regional need for, and process for allocating Regional Logistics Sites, the Government's intention to revoke Regional Spatial Strategies has meant that Phase Two of the RSS has not progressed beyond the Panel Report stage.

- 7.11.3 Until the relevant Commencement Order is laid before Parliament (and there has been no public announcement of the potential timetable for this) the West Midlands RSS 2008 (i.e. Policy PA9) continues to form part of the Development Plan of all the local authorities in the study area and wider West Midlands. Until formerly revoked, there is a presumption in favour of development that accords with Policy PA9 as it currently stands (i.e. without any specific prioritisation for an RLS to serve the Black Country and southern Staffordshire) although the document's forthcoming abolition is a material consideration..
- 7.11.4 Revised policy PA9b has never been formally adopted into the local development plans, and therefore cannot in itself be accorded weight in relation to deciding planning applications. However, paragraph 218 of the NPPF states that, where it would assist the process of preparing or amending Local Plans, regional strategy policies can be reflected in Local Plans by undertaking a partial review focusing on the specific issues involved. Local Planning Authorities may also continue to *draw on evidence which informed the preparation of regional strategies to support Local Plan policies*, supplemented as needed by up-to-date, robust local evidence.
- 7.11.5 In summary a planning application for a RLS in the study area would be considered against the following policies:
- NPPF 2012
 - Green Belt policy
 - West Midlands RSS (2008) - Policy PA9(RLS) and impending abolition
 - West Midlands Local Transport Plan (LTP)
 - Local authority adopted statutory plans and Core Strategies including any saved policies and evidence base studies
 - Stage 1 and Stage 2 Regional Logistics Studies as supporting evidence for development of the Phase 2 Revisions to the RSS
 - Other Government policies including DfT interim national policy guidance on Strategic Rail Freight Interchanges (SRFI) November 2011
- 7.11.6 It is not considered practicable to assess the potential weight each of the above policies would afford in a planning application. In reality an assessment would need to take into account the adopted policy framework and assembled, relevant evidence in relation to the specific proposal in reaching a decision.
- 7.11.7 Key determinants in considering the arguments for and against a RLS are highly likely to include the scale of local impacts particularly transport and potential mitigation especially if the proposal is in a Green Belt location and the economic/regeneration benefits. Before these local issues can be considered there is a need to re-assess the need for and locational selection criteria for RLS type development across the Midlands and a continuation of cross boundary, structured regional working (halted since 2009) to achieve this. In the absence of such regional working, affected local planning authorities will have no alternative but to deal with applications based on the existing outdated policy framework.
- 7.11.8 It should be noted that where RLS developments qualify as Nationally Significant Infrastructure Projects (i.e. developments in excess of 60 hectares, which provide for at least four goods trains per day), the Development Consent Order process (under the Planning Act 2008) will apply, and the application will be determined by the Secretary of State. In such

cases, local authorities will still have a major role to play, but will not be the determining authority. In these cases, the SFRI guidance issued by the DfT will provide the policy context, until such time as this is replaced by the NPF on National Networks. A brief review of this process and the role of local authorities in this process are provided in Appendix B.

8. TASK 3: ASSESS THE IMPACT ON JOB CREATION, REGENERATION BENEFITS AND SKILLS ARISING FROM A RLS DEVELOPMENT, WITH PARTICULAR ATTENTION TO THE LIKELY SHARE AND NUMBER OF JOBS FOR THE RESIDENTS OF THE BLACK COUNTRY AND ADJACENT AREAS INCLUDING SOUTHERN STAFFORDSHIRE

8.1.1 This chapter is structured as follows:

- 8.2 provides a macroeconomic and logistics sector overview;
- 8.3 considers historic employment trends in the logistics sector;
- 8.4 considers future demand for employment in the logistics sector;
- 8.5 sets out examples of a RLS site and firms involved in logistics to help illustrate employment patterns in large scale logistics;
- 8.6 sets out the potential job impacts of an RLS in the study area;
- 8.7 sets out the potential skills impacts of a RLS in the study area;
- 8.8 sets out the potential regeneration impacts of a RLS in the study area; and
- 8.9 draws conclusions.

8.2 Macroeconomic and sector outlook

Global economic outlook

- 8.2.1 Growth forecasts in many parts of the global economy have been significantly below forecast particularly in the Eurozone and US but also in China, India and many emerging economies. The weakness of the Eurozone economies and on-going sovereign debt crisis is the most significant factor in the continuing global economic slowdown. Key threats for the short term include a potential break-up of the Eurozone, heightened market volatility, policy uncertainty and capital outflow from risky economies and vulnerable European countries.
- 8.2.2 A lack of confidence in policy makers has fuelled market volatility and has resulted in businesses and households delaying investment and expenditure decisions until they can be more certain of stability.
- 8.2.3 A recent survey³⁵ of chief executive officers in the global logistics sector shows a significant drop in confidence in relation to revenue growth for 2013. The key reasons identified included the uncertainty and volatility of economic growth as the biggest threat to business prospects.
- 8.2.4 On the upside, the research predicts that significant business and trade opportunities will arise in emerging markets for European businesses. Similarly slower growth will also remove upwards pressure on world oil prices which are expected to remain broadly stable.

35 15th Annual CEO survey, Logistics sector, PwC, 2012

UK economy

- 8.2.5 According to ONS estimates GDP in volume terms decreased by 0.5 per cent in the second quarter of 2012 continuing the double dip recession following the 0.3 and 0.4 per cent decreases in the previous two quarters.
- 8.2.6 Within the second quarter production industries output fell by 0.9 per cent, services industries fell by 0.1 per cent with significant contraction in the construction industry where output fell by 3.9 per cent. Household expenditure also decreased by 0.4 per cent in volume terms in the latest quarter.
- 8.2.7 The data reinforces a picture of the UK economy where uncertainty has increased and the slowing in growth in the UK's main trading partners is likely to have contributed to weaker exports. Confidence is draining from business and consumers with many firms concerned about events in the Eurozone.
- 8.2.8 This is reflected in more recent economic forecasts. For example, ITEM Club (Independent Treasury Economic Model) projects a decline of 0.2% in GDP for the year against the 0.8% growth expected by the OBR (Office of Budget Responsibility). Similarly, whilst the OBR forecast growth of 2% in 2013 this compares against 1.2% (ITEM Club) and Standard & Poor predicting growth of just 1%.
- 8.2.9 In response to this further deterioration in the economic outlook the Bank of England has launched a series of credit easing mechanisms to be operated in conjunction with the banks. The Government's response to date has been constrained by implementation of the austerity programme, which to date has kept credit agencies at bay.
- 8.2.10 The Bank of England's Monetary Policy Committee (MPC) has voted to keep interest rates unchanged so far. The International Monetary Fund (IMF) suggested that authorities should consider additional rounds of Quantitative Easing and cutting interest rates even further to 0.25 per cent to encourage growth in the UK's weak economy. Further rounds of Quantitative Easing have been used by the Bank of England, underlining the difficulties facing the UK economy.
- 8.2.11 In terms of employment growth forecasts for 2012 the picture is reversed with OBR projecting a contraction of 0.3% compared to an average of 1% growth based on analysis from over 30 economic forecasters³⁶. There is a more obvious consensus on prospects for 2013 with OBR predicting 0.4% compared to an average of 0.3%³⁶.

UK Logistics sector

- 8.2.12 The UK Logistics sector is worth approximately £55bn to the economy and comprises 5% of UK GDP³⁷. In 2010, there were approximately 1.9m people employed within the sector, representing 7.3% of the total labour force in the UK.

36 Forecasts for the UK economy: A comparison of independent forecasts, Macro economic prospects team, Her Majesty's Treasury, October 2012.

37 PWC (2011) Logistics and Posts; accessed on 9/07/12 <http://www.pwc.co.uk/transport-logistics/transport-and-logistics-logistics-posts.jhtml>

- 8.2.13 The West Midlands remains highly competitive as a location for logistics within the UK. For example, 8.7% of the total UK logistics employment base is located within the region behind only the East Midlands (9.7%) and the East of England (9.1%).
- 8.2.14 Logistics has suffered as a result of slow economic growth coupled with rising fuel costs. There has, for example, been an: 11% decline in domestic freight volumes between 2007 and 2011; a 15% decrease in HGV registrations; and HGV movement to the EU is at its lowest since 2002. The only growth has been in freight movements by sea and air outside of Europe³⁸.
- 8.2.15 In terms of investment, weak business volumes and higher input costs have resulted in a pressure on margins, and operators scaling back investment plans. The squeeze on credit continues to have an important influence over investment plans; operators are also wary of committing to investment whilst business improvements remain fragile. These factors outweigh positive reasons to invest.
- 8.2.16 The slow pace of economic recovery in the UK is also reflected in freight operators' unwillingness to commit to large-scale capital investment, the percentage of respondents to the 2012 FTA survey³⁸ having plans for 2012 being lower than the percentage in 2011.
- 8.2.17 Within the sector there are contrasting outlooks for the short-term future. Businesses with greater involvement in international freight display continued optimism that freight volumes will increase. Retail and manufacturing growth is expected to be much slower with contractions expected in wholesale, construction and within the public sector.
- 8.2.18 A longer term trend of business consolidation has seen numbers of transport businesses (measured by the number of goods vehicle operator licences) decline but this has been exacerbated since 2008.
- 8.2.19 Trade with China, India, South Korea and other resilient economies are likely to provide growth for UK logistics. The 2012 Logistics Report (FTA) also suggests that the Sterling's relative weakness against the US dollar will make UK manufactured goods more competitive and stabilisation of oil prices will also benefit the sector.
- 8.2.20 It is expected that as the UK economy grows so will logistics. However, tackling issues around climate change, legislation and congestion will play an important role in encouraging growth:
- **Carbon policy:** the UK has ambitious carbon reduction targets. Transport and freight contributes significantly to greenhouse gas emissions. The sector is already making substantial efficiency savings with better vehicles, use of alternative fuels and technologies, and better scheduling to name a few;
 - **Congestion:** road congestion costs UK businesses billions of pounds a year. The logistics sector is responding by implementing better scheduling systems and improving the aerodynamic design of vehicles; and
 - **Legislation:** logistic companies have responded to the Working Time Directive by employing a larger number of staff to overcome driver shortages rather than paying higher salaries.

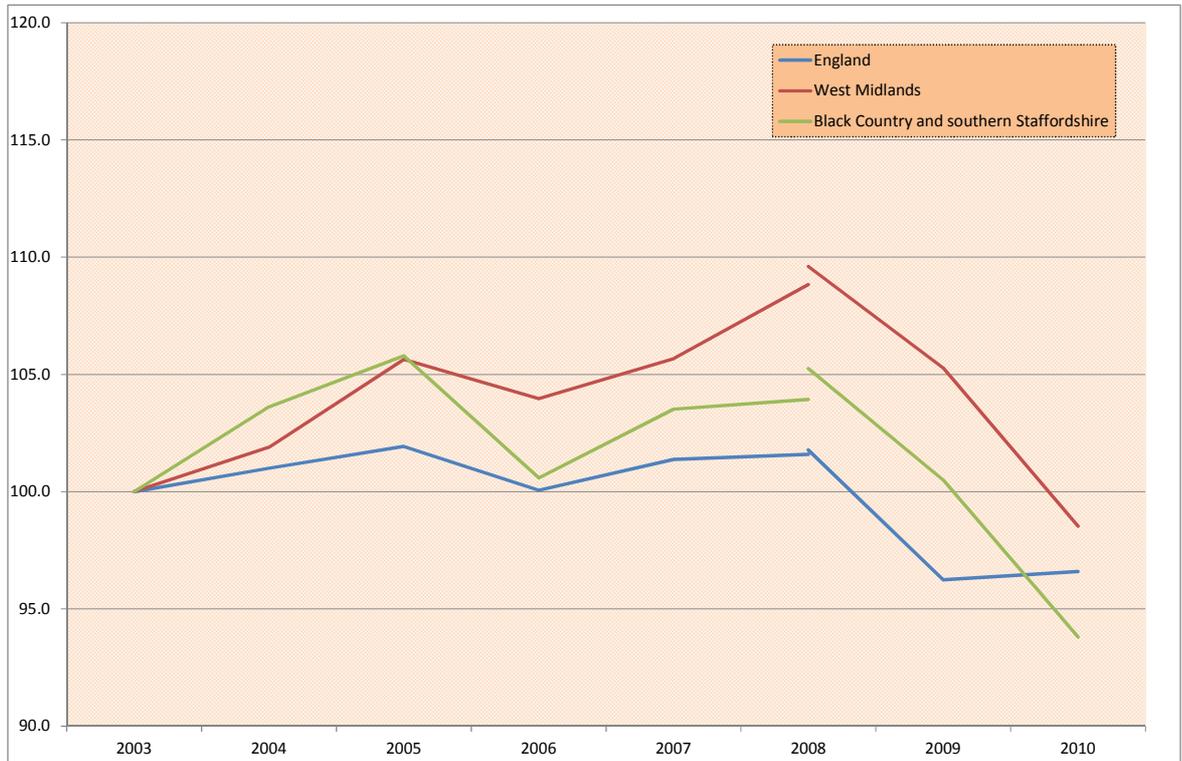
38 Freight Transport Association (FTA) (2012); The Logistics Report 2012, FTA

8.3 Historic employment trends in the logistics sector

8.3.1 The latest employment data (2010) suggests there are approximately 197,700 people working in logistics in West Midlands (8.7% of those in employment)³⁹ and 74,200 in Black Country and southern Staffordshire (10.0% of those in employment)³⁹. Figure 8.1 illustrates employment change in both these areas as compared to England from 2003 to 2010⁴⁰.

8.3.2 The trends between the three areas are broadly similar but with some of the peaks and troughs in the West Midlands and Black Country and southern Staffordshire more prominent. With the exception of 2005-06 all three areas experienced employment growth from 2003 to 2008. However, there has been a noticeable decline over the last three years. England experienced employment loss in the logistics sector of 5.1% between 2008 and 2010. This has been around double in West Midlands (10.1%) and Black Country and southern Staffordshire (10.9%). It is worth noting that the full scale of logistics employment is hidden within other sector classifications. For example, the distribution element of a supermarket chain falls under retail rather than logistics. As such employment levels for this sector are generally under-represented.

Figure 8.1 Logistics Employment Change, 2003 to 2010 (2003 = 100)



Source: ONS, Annual Business Inquiry, 2003 to 2008 and Business Register and Employment Survey, 2008 to 2010

39 Source: ONS, Business Register and Employment Survey, 2010

40 Data from 2003 to 2008 is sourced from the Annual Business Inquiry and 2008 to 2010 is the Business Register and Employment Survey. Data is not strictly comparable between the two datasets (although it is regularly done). However, data is shown for both in 2008 and as such the differences can be seen between the two and general trends over time can be illustrated

8.3.3 Table 8.1 below illustrates employment change in other industries between 2008 and 2010 to determine if the recession has impacted on logistics more adversely than other sectors.

8.3.4 Overall levels of employment have fallen but the decline in logistics has been more severe. However, the recession has impacted on employment levels in other sectors more drastically including; property (although in England the decline is similar); construction; transport & storage (although again it is similar at a national level); and manufacturing. The Black Country and southern Staffordshire has also seen significant employment loss in public administration; financial & insurance; arts and recreation; professional & technical; and wholesale.

Table 8.1 Employment Change in Select Industrial Sectors, 2008 to 2010

SECTOR	Black Country and southern Staffordshire	West Midlands	England
Property	-25.4%	-29.7%	-4.8%
Construction	-18.4%	-16.6%	-15.3%
Transport & storage (inc postal)	-13.4%	-11.0%	-4.8%
Manufacturing	-13.0%	-11.6%	-8.1%
Public administration & defence	-12.3%	3.7%	5.2%
Financial & insurance	-11.0%	-1.2%	-7.8%
Arts, entertainment & other services	-9.2%	-12.0%	-2.1%
Professional, scientific & technical	-8.0%	-15.5%	-1.5%
Wholesale	-7.3%	-7.7%	-4.0%
Business admin & support services	-3.5%	-7.3%	-8.4%
Retail	2.1%	0.4%	-4.3%
Information & communication	2.2%	7.1%	-4.4%
<i>Logistics</i>	<i>-10.9%</i>	<i>-10.1%</i>	<i>-5.1%</i>
All Employment	-4.8%	-4.5%	-3.0%

Source: ONS, Business Register and Employment Survey, 2008 to 2010

8.3.5 It is worth noting at this point that employment levels in logistics are not as strongly correlated with floor space as other sectors are. In other words when interpreting the above figures it is worth remembering this and the fact that it is expected that employment across all sectors will increase as we come out of the current economic downturn.

8.4 Future demand for employment in the logistics sector

8.4.1 The 2009 RLS study⁴¹ suggested the following three reasons why the correlation between employment and floor space is not as strong in the warehousing and logistics as compared to commercial office based activity:

41 West Midlands Regional Logistics Study – 2009 update, MDS Transmodal Ltd, Savills

- Sites with the same floor space can have widely varying employment densities with employment levels linked to cargo type and site activity and some logistics employment is more seasonal than others;
- Floor space demand is more closely linked with cargo volume and throughput; and
- There is a continual need to replace old warehouse stock (approximately every 30 years) and this is not considered in employment forecasts.

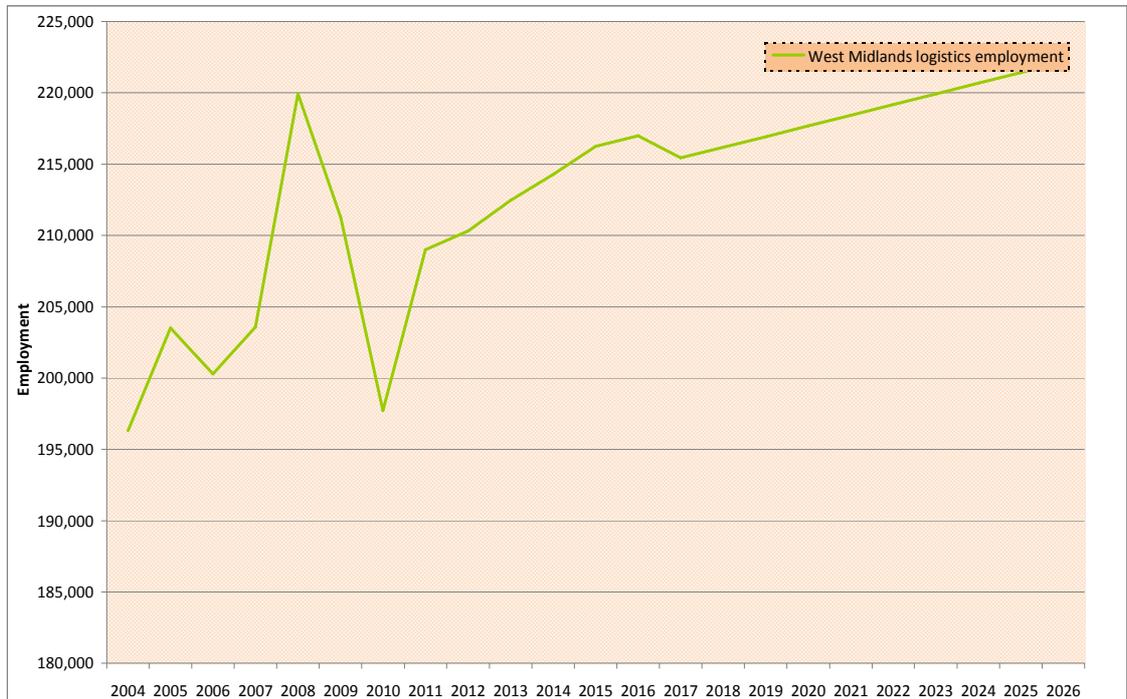
8.4.2 The analysis in this section therefore needs to be considered alongside the wider assessments of property and road and rail freight data. We have also provided an assessment of employment densities below which should be looked at in isolation from the employment projections. The following sets out a broad estimate of logistics employment across the West Midlands up to 2026. These were estimated by:

- Taking UK employment forecasts provided by the Office for Budget Responsibility but accounting for reduced growth projections from other sources to 2016. This was then extended using a linear projection up to 2026; then
- The average share of UK employment that falls in to the West Midlands between 2004 and 2011 was applied up to 2026; then
- The average share of West Midlands' employment that falls in the logistics sector between 2003 and 2010 was applied up to 2026.

8.4.3 These projections are illustrated in Figure 8.2, below. In summary, logistics employment in the West Midlands is forecast to grow from:

- 197,700 in 2010;
- to 216,300 in 2015;
- to 217,700 in 2020; and
- to 222,200 in 2026.

Figure 8.2 Logistics Employment Projections up to 2026 in the West Midlands



8.5 Logistics Case Studies – Sites and Operators

Below we set out examples of a RLS site and firms involved in logistics to help illustrate employment patterns in large scale logistics.

Birch Coppice and Ocado

- 8.5.1 The original approved scheme for the redevelopment of the former Birch Coppice colliery comprised three development phases totalling circa covering 180,000 sq. m. The first phase was the provision of approximately 90,000 sq. m. for international vehicle importer, IM Group. It was anticipated that the remainder of the site would be developed for mixed employment. In total the floor area of development on the site covered by the three phases of development was assumed to be approximately 180,000 sq. m.
- 8.5.2 IM Group decided not to locate at Birch Coppice and the whole site has been developed in response to market demand. On account of its strong strategic location, interest has mainly been for distribution uses.
- 8.5.3 In Phase One the first occupier was a distribution warehouse operated by TNT (now CEVA) where parts for VW cars were brought into the country by train from Germany before being sent by lorry to dealers. The rail freight terminal followed later when a planning application was submitted to extend the area of the business park to incorporate a bonded warehouse to be used by Majestic Wine and an open access rail freight terminal. As it turned out the bonded warehouse was not constructed and Gazeley developed the warehousing separately. The rail freight container terminal was developed separately and was christened as the Birmingham Intermodal Freight Terminal (BIFT).
- 8.5.4 BIFT is operated by Roadways Containers Logistics (RCL). Features of the site include:

- 14 hectare terminal with capacity to hold 3,000 containers; open 24 hours per day, seven days per week;
 - BIFT is capable of receiving W10 gauge (9'6" High Cube) containers from the UK ports of Felixstowe and Tilbury;
 - receives trains daily from the UK ports of Felixstowe, Southampton, Tilbury and Thamesport; and
 - Utilises state of the art equipment to lift up to 25 containers per hour.
- 8.5.5 In 2010 IM Properties secured consent for an expansion of approximately two million sq. ft. to accommodate demand and has recently lodged a further planning application for a further 1,073,000 sq. ft. (99,683 sq. m.) The remaining phase II land could accommodate 1.278 m sq. ft. (118,727 sq. m.) of floor space.
- 8.5.6 Supporting evidence which accompanied the recent phase III application confirmed that in the last two years the site agents received 28 enquiries for warehousing totalling 13.5 million sq. ft. (1,254,150 sq. m.). To date the site has, according to the developer's website, created in excess of 5,000 jobs.
- 8.5.7 The success of Birch Coppice demonstrates that there is a continuing demand across the West Midlands for sites with good road access with rail potential for large scale distribution use.
- 8.5.8 By the end of 2012, Ocado will complete a second Customer Fulfilment Centre (CFC) at Birch Coppice. The 350,000 sq. ft. (32,515 sq. m.) unit, on a 35.2 acre (14.25 hectare) site, will double the potential capacity for the business. At peak capacity the new CFC will handle 180,000 orders per week and generate in excess of 2,000 local jobs. It will enable Ocado to expand delivery geography in the north and increase order capacity in its current coverage area.
- 8.5.9 Ocado is now commencing recruitment for the operations team. Current vacancies include
- Delivery drivers – £7.71 to £11.14 per hour depending on shift;
 - Health and Safety Advisor - £25,000 to £35,000 p.a.;
 - Engineering Operations;
 - Operations Managers - Chartered Institute of Logistics and Transport (CILT), Chartered Institute of Purchasing and Supply (CIPS), National General Certificate in Occupational Safety and Health (NEBOSH) qualified or affiliated preferred;
 - Fulfilment Operations Quality and Team Managers;
 - I.T. Analysts; and
 - Inventory Managers/ Team Members.
- 8.5.10 The significant economic development features arising from the Ocado planning consent and the previous consent for the overall Phase II development are s.106 contributions which help fund North Warwickshire Works, a public, private and third sector economic development initiative to deliver employment initiatives across the borough. North Warwickshire Works provides:

- training and pathways into employment for Ocado – this includes Progression into Employment – establishing a programme of work readiness training and targeted pre-employment service to the unemployed and those wishing to achieve career progression;
- Ocado Community Hubs, targeting specific local communities; and
- general profile raising.

Amazon

8.5.11 Amazon has distribution depots at Doncaster, Peterborough, Rugeley, Dunfermline, Gourrock and Swansea Bay. In June 2011 Amazon signed a 15 year lease for an Internet Fulfilment Centre at Gazeley's 700,000 sq. ft. (65,030 sq. m.) Flair building at G.Park, Rugeley which opened in September 2011. The speculatively built building is on a 16 hectare (40 acre) site and is located on the A513 in South Staffordshire. It has 14.3m clear internal height, 80 loading doors and eight level access doors. There are 523 car parking spaces and 260 HGV parking spaces.

8.5.12 The company doesn't break down employment figures by site but recently confirmed that it was on track to create 900 permanent and temporary jobs by the end of 2012. Current vacancies at Amazon Rugeley include:

- Apprentice Maintenance Technician;
- Procurement Manager;
- Area/Shift Manager;
- IT Support Technician;
- Health and Safety Coordinator;
- General Manager, Operations;
- Data Analyst; and
- Area/Shift Manager.

Amazon has just a new occupied a warehouse (44,000 sq. m.) in Hemel Hempstead. For most of the year it will house 1,600 employees working two shifts but in the run up to Christmas a third shift will be introduced with the possibility of up to 2,400 being employed at the site. This is one of three sites that Amazon plans to open by the end of 2014 in a fast growing Fulfilment Network and.

Current jobs at Hemel Hempstead include a breadth of careers:

- Senior UK Facilities/Engineer Manager;
- Transactional Process Leader;
- Regional Controller;
- Inventory Control and Quality Assurance Lead;
- Stores Associate;

- Leadership Development Trainer UK;
- Stores Lead;
- Regional Space Manager;
- Employee Relations Manager;
- Engineering Maintenance Technician;
- Dock Clerk; and
- Fulfilment Centre Associates including Team Leaders, Fork-Lift Truck Drivers and Instructors, Engineering & Facilities Technicians; Health & Safety/Learning & Development Coordinators, Assistant Buyers, IT Technicians, Temp Labour Management Assistants, Production Operations Assistants.

8.5.13 It is known that the retailer has requirements for a 1 million sq. ft. (92,900 sq. m.) distribution centre in the North West and a developer is reportedly expected to make a planning application for the scheme at Gilmoor, Merseyside which is reported to create up to 1,000 jobs. The company had planned to occupy a 1.2 million sq ft. (111,480 sq. m.) warehouse at the 3G SRFI Mersey Multimodal Gateway in Widnes but failed to recently secure consent mainly due to inadequate local community consultation.

8.5.14 Recent press reports⁴² suggest that Amazon has plans in the UK for the fresh food on line market. For the past five years, AmazonFresh, the company's grocery subsidiary, has been trialling this in Amazon's hometown of Seattle. Residents there can order fresh produce, dry goods, meat, and seafood and take delivery day or night.

TK Maxx

8.5.15 Meeting TK Maxx retail demands involves short supply chain routes with distribution services provided by four Processing Centres. All merchandise received in these centres undergoes a series of processes including removal of transit packaging, and then made ready for sale in store. Individual orders are then dispatched to a series of Logistics Centres and Cross-Docking Centres, allowing for regular delivery to TK Maxx stores. TK Maxx has four processing centres located in Milton Keynes, Stoke, Walsall and Wakefield.

8.5.16 The Walsall centre opened in 2005 creating 800 jobs and recruits additional part time posts to cover the Christmas period. TK Maxx was asked to comment on its experiences in recent recruitment but did not respond.

East Midlands Distribution Centre – M & S

8.5.17 The M&S distribution centre at the East Midlands Distribution Centre (EMDC) covers a 60 acre (24.3 hectare) site which was once home to Castle Donington Power Station, and is expected to employ 1,000 people when it goes live in autumn 2012.

⁴² <http://www.independent.co.uk/news/business/comment/chris-blackhurst-will-amazon-be-the-new-beast-in-our-supermarkets-jungle-once-it-gets-fresh-8079526.html>

- 8.5.18 Though the distribution centre already covers one million square feet (92,900 sq. m.), its usable area will be doubled to two million square feet (185,800 sq. m.) by Marks & Spencer's fit-out. Up to four levels of mezzanine floors will be installed, along with an integrated, state-of-the-art racking and distribution system which has been designed to service the retailer's rapidly growing e-fulfilment needs across the UK.

Mattel

- 8.5.19 The toy manufacturer has awarded Geodis the management of its logistics and distribution operations in southern Europe. Geodis is setting up a 42,000m² warehouse in Marseilles, France. The warehouse will employ 120. The size of the warehouse is expected to increase to 60,000m² in 2013 and employ 200 people. Based on these figures employment densities equate to 350 and 300m² per full time employee.

Norbert Dentressangle (ND)

- 8.5.20 ND is one of the UK's largest logistics and transport companies employing approximately 12,800 employees in 195 sites covering 2.5 million m² of warehousing. This equates to a density of approximately 195 m² per full time employee. ND was predominantly a haulage company prior to the acquisition of TDG. Therefore ND has a higher proportion of drivers among employees.

Hotter Shoes

- 8.5.21 Hotter Shoes is a UK shoe manufacturer and manages its own stock distribution to stores and to individual customers of online orders. They have a warehouse and distribution team right next to their production lines in Skelmersdale, West Lancashire. The warehouse is 6,000 m², and the total number of employees working in the warehouse is 63, which together give a density of 95 m² per employee. The density is relatively higher because of the largely manual operations.

8.6 Job creation impacts of a RLS in the study area

- 8.6.1 Using the Four Ashes master plan as a benchmark we set out the potential economic impact of an RLS in the Black Country and southern Staffordshire area. The master plan provided by the proposer suggests 548,328 square metres of warehouse space and 30,542 square metres of office space.
- 8.6.2 Employment densities vary substantially within the logistics sector. General warehouse employment densities range from about 25 to 115m² per employee with the average being 70m². Additionally, large scale and high bay warehousing averages around 80m² but wide variations exist. In comparison general office employment densities are around 12m².⁴³
- 8.6.3 We have therefore adopted a range of warehouse job densities to demonstrate the potential employment generated at an RLS based on HCA guidance – high, medium and low (1 job per 25 sq m. / 70 sq. m./115 sq. m.) and an office density of 12m² per employee.
- 8.6.4 In assessing the extent to which a forecast of new jobs resulting in a land and property projects is accurate it is normal practice to undertake an additionality assessment. Additionality is a measure of the extent to which a new input (action or item) adds to the

⁴³ Source: Homes and Communities (2010) Employment Densities Guide

existing inputs (instead of replacing any of them) and results in a greater aggregate. A series of calculations are made to arrive at a net figure and these have been considered using good practice guidance as set out in English Partnerships Additionality Guide Third Edition October 2008. Additionality considerations are:

- Deadweight – this is an assessment of the benefits or jobs that would have been created in the absence of the proposed scheme. The wider study demonstrates that the study area is already established as a location for logistics and that there is historic take up and demand for logistics accommodation. As such the chances of an alternative development taking place if the proposed scheme did not go ahead would be reasonable and deadweight has accordingly been set at 40%.
- Displacement – this occurs where the project or intervention leads to a transfer of existing employment to the project i.e. new accommodation is likely to be replacing old and obsolete premises so will not actually be adding jobs. Evidence elsewhere, such as guidance from Business, Innovation and Skills, alongside previous studies in the West Midlands suggest a low level of displacement at a regional level. This has been set at 30%.
- Leakage is the proportion of outputs that benefits those outside of the intervention's target area or group. Leakage is closely associated with the type of employment on offer. In other words, people generally travel further for higher paid / higher skilled employment. A substantial proportion of the employment will be lower skilled and therefore likely to be sourced locally. Using guidance set out by the Department for Business, Innovation and Skills (BIS) we have therefore set leakage at 15%.
- Multiplier effects - new jobs would support further indirect (purchases from the supply chain) and induced (spending from people employed in the sector) employment within the region. A composite multiplier is usually applied to take account of indirect and induced employment. This has been set at 1.2 as per guidance from and case studies from elsewhere (such as the Doncaster Logistics Study (Atisreal UK)).

8.6.5 Table 8.2 summarises the gross to net employment calculations illustrating low to high scenarios. If we assume the medium (average) scenario we estimate that there will be approximately 6,810 net jobs created for residents of Black Country and southern Staffordshire.

8.6.6 New employment created under the medium (average) scenario would create £116.2 million in gross value added (GVA) for the sub-region.⁴⁴

⁴⁴ Source: ONS, Regional Accounts (2010). Average GVA per head (£17,060) in the West Midlands has been applied

Table 8.2 Gross to net employment calculations – RLS of 548,328 sq m warehouse and 30,542 sq m office space at Four Ashes, South Staffordshire

	High job density scenario (1 job per 25 sq m for B8 space)	Medium job density scenario 1 job per 70 sq m for B8 space)	Low job density scenario 1 job per 115 sq m for B8 space)
Gross jobs	24,478	15,896	7,313
Minus deadweight @ 40%	14,687	9,538	4,388
Minus displacement @ 30%	10,280	6,677	3,0720
Minus leakage @ 15%	8,738	5,675	2,611
Net additional jobs (inc. 1.2 multiplier)	10,486	6,810	3,133

8.6.7 Table 8.3 provides an estimate of the residence of workers across the study area (assumed base at Four Ashes in South Staffordshire) applied to the net jobs (medium density scenario) outlined above. These have been estimated using travel to work data from the 2001 Census (latest available). The estimate is derived by using the residency details of those working in South Staffordshire in 2001 specifically in transport, storage and communications and applying the split to the net jobs figure for a RLS located at Four Ashes.

8.6.8 It is likely, however that because a significant number of jobs are created at once that the workforce travels further than set out below as people often move after they have gained employment and the local area does not have the appropriate supply of workers.

Table 8.3 Residence of workers across the study area based on a South Staffordshire location based on the medium job density scenario (estimate)

Local Authority	Travel to work in South Staffordshire (transport)*	Net jobs
South Staffordshire	50.6%	3,446
Stafford	13.7%	933
Wolverhampton	11.2%	763
Cannock Chase	10.8%	735
Walsall	4.9%	337
Dudley	4.2%	284
Lichfield	1.9%	129
Sandwell	1.7%	116
Staffordshire Moorlands	0.6%	40
Newcastle-under-Lyme	0.4%	27
TOTAL	100%	6,810

*Source: ONS, Census of Population, 2001. This excludes areas outside the study area

8.6.9 A brief consideration of how job creation may alter as the size of a RLS increases is provided below. Job creation calculations are traditionally based on a formula based approach and feasibility or pre planning stage there will be a directly proportionate rise in job creation as scheme size increases.

8.6.10 Based on recent market activity however, particularly in internet-sourced food retailing, as a RLS increases in size (offering flexible large plots/buildings) and attractiveness, it is considered there is a greater likelihood that an element of floor space will be occupied by one or more operators that will use some of the space for uses as customer fulfilment centres. Such centres tend to generate higher levels of employment e.g. Ocado at Birch Coppice than traditional distribution centres.

8.7 Skills impacts of a RLS in the study area

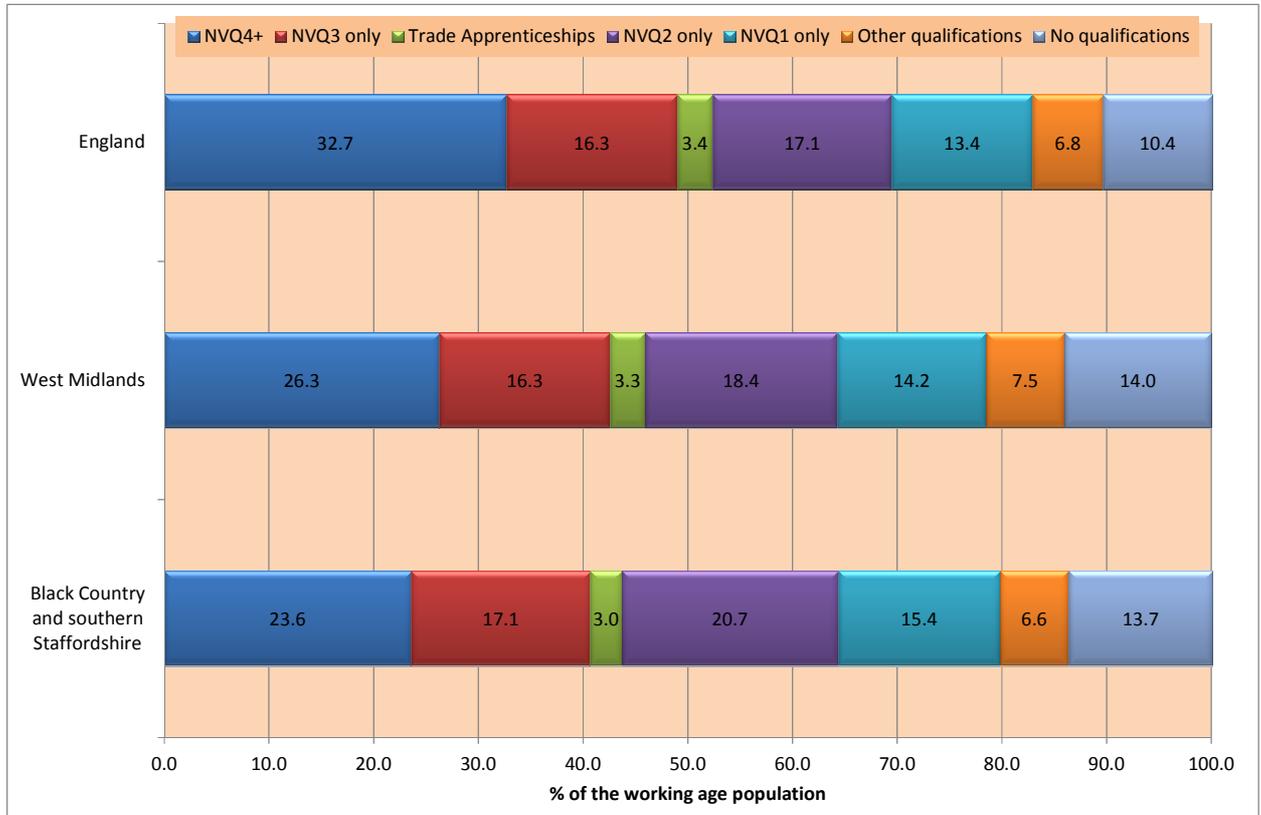
8.7.1 Evidence taken from Skills for Logistics⁴⁵ and elsewhere suggests:

- As the sector becomes more customer facing and more technological advancements are made there will be a need for a higher proportion of managers. The proportion of the logistics workforce which is in management is already higher than the average for the overall workforce (16% compared to 19%);
- The current occupational structure of the sector is relatively broad. Despite the fact there are a substantial number of entry point jobs, such as clerical and operational, there are also more specialised technical and IT roles, as well as an increasing number of management positions. It is worth noting, however, that 47% of jobs in the sector are process, plant, machine and elementary occupations compared to 18% across the workforce as a whole;
- A high number of migrant workers (especially eastern European) have entered the logistics sector over the last decade or so. The economic downturn has seen significant numbers returning home. This will leave employment opportunities as the logistics sector begins to grow;
- The proportion of staff who are female (26%) is lower than the overall workforce (46%);
- The logistics workforce is not as highly qualified as the overall workforce; 16% of logistics staff have an NVQ level 4 or above qualification compared to 33% overall; 13% have no qualifications in logistics compared to 9% on average; and 19% have lower than NVQ level 2 in logistics compared to 13%; and
- The sector suffers from a poor image which makes it difficult to attract younger workers.

8.7.2 Figure 8.3 below illustrates the skills profile of residents based in the study area as compared to the region and nationally. It demonstrates that the Black Country and southern Staffordshire has a relatively low proportion of residents with NVQ level 4 (degree level or equivalent) and above qualifications.

⁴⁵ www.skillsforlogistics.org

Figure 8.3 Skills Profile of Working Age Population: England/West Midlands/Study Area



Source: ONS, Annual Population Survey, December 2011

- 8.7.3 At the same time the proportion of residents with no formal qualifications is similar to the region but 3.3 percentage points above the England average. Although lower than the national average (69.5%), there are still two-thirds (64.4%) of residents with NVQ level 2 or above qualifications, which will be most in-demand at an RLS.
- 8.7.4 This evidence suggests that there is a significant chance that the RLS would draw a majority of its employees from the local area given the broad match of skills supply in the potential workforce and those demanded by a RLS. The ability for local people to access many of the lower skilled jobs at a RLS site will depend to a large extent on good public transport.
- 8.7.5 Table 8.2 estimated that 50% of net jobs (3,446) would be taken by South Staffordshire residents. It is worth considering how well this would in practice be accommodated. According to ONS Nomis figures in mid-2012 South Staffordshire 52,300 people were economically active; 3,200 were unemployed; 1,694 were claiming Job Seekers Allowance. In 2008 according to ONS Nomis figures there were 9,400 employees within the distribution, hotels and restaurants and transport and communications sectors. Table 8.4 below shows the existing qualifications picture in South Staffordshire.

Table 8.4 Qualifications in South Staffordshire (Jan 2011 – Dec 2011). Source: NOMIS

	South Staffordshire (numbers)	South Staffordshire (%)	West Midlands (%)	Great Britain (%)
NVQ4 and above	21,600	33.7	26.3	32.9
NVQ3 and above	36,600	57.1	45.9	52.7
NVQ2 and above	49,700	77.6	64.3	69.7
NVQ1 and above	58,300	91.0	78.5	82.7
Other qualifications	N/A	N/A	7.5	6.7
No qualifications	4,200	6.6	14.0	10.6

8.7.6 Based on the varying NOMIS statistics it is not expected that there would be significant problems in South Staffordshire being able to meet the skill range required as a result of a RLS locating in its area. It is, however, considered that there would be a shortage of labour in South Staffordshire and that alternative locations would need to plug this gap, particularly Wolverhampton.

8.7.7 The various case studies detailed above demonstrate that skilled employment opportunities can be created within RLS type units. Based on our practical logistics experience circa 20 to 25% of RLS jobs would be skilled, administrative and managerial positions. These positions would offer opportunities for local residents to secure new or higher paid, skilled jobs assuming that training, employment placement and up-skilling could be delivered where appropriate. A programme such as this called North Warwickshire Works has been funded and delivered in relation to Birch Coppice where Ocado is setting up a new internet fulfilment facility creating over 2,000 new jobs.

8.8 Regeneration impacts of a RLS in the study area

8.8.1 There is a general agreement that successful regeneration is about achieving additional economic, social and environmental outcomes that would not have otherwise occurred⁴⁶.

8.8.2 In terms of measuring the value of regeneration benefits, common practice has focussed on a measurement of outputs and outcomes.

8.8.3 Output measurement records the benefits that specific projects or programmes deliver for target beneficiaries and areas. Output measures vary across different activity types. Outcome measurement is concerned with how far projects or programmes improve social, environmental and economic characteristics of areas or groups of people.

8.8.4 Table 8.5 below provides a summary overview of the regeneration benefits that could occur, based on current proposals at Four Ashes. This is not intended to represent an in depth assessment but seeks to measure specific economic outputs and whether outcomes are likely to be positive, neutral or negative.

46 Valuing the benefits of Regeneration: CLG December 2010 page 8

8.8.5 The RLS development is highly likely to bring dis-benefits and these are briefly considered below and in more detail in Chapter 9 (diversion of investment) and in Chapter 12 (transport impacts).

Table 8.5 Summary of regeneration impacts based on current development proposals at Four Ashes

Outputs Assessment	Comments
Net jobs – 6,810. ⁴⁷	A highly positive benefit across the study area and beyond
GVA - £116.2 million in the sub region	A highly positive benefit across the study area and beyond
Construction employment – 6,926 jobs or 461 jobs per annum ⁴⁸	A highly positive benefit across the study area and beyond
Private sector investment - £648 Million ⁴⁹	A highly positive benefit across the study area and beyond
Outcome Assessment	Comments
Economic: Positive	<p>The project is considered on balance to be beneficial in improving the economic characteristics of the study area and its residents by providing employment, tackling worklessness and providing opportunities for skills development. The facility is also likely to offer options for manufacturing facilities such as Jaguar Land Rover to operate more efficiently subject to business needs and justification.</p> <p>Whilst the overall economic outcome is considered positive there is forecast to be an element of displacement i.e. a transfer of existing jobs to the site, predominantly from South Staffordshire, Stafford, Wolverhampton and Cannock Chase although these authorities are forecast to capture the vast majority (86%) of the new employment created.</p>

47 Taken from Table 8.2

48 This is calculated as: construction cost by gross output per construction employee (£93,556 is the West Midlands output figure from the DBERR, Construction Statistics Annual 2010 and construction costs estimated at £648 Million – see footnote below). Annual jobs figure calculated using a 15 year construction period

49 Total Construction cost estimated at £648 M based on a combined construction cost of £933 sq m (source Turner and Townsend International Construction Cost Survey 2012), uplifted by 20% to reflect other development costs and a total floor area of 578,870 sq m

	There are risks to on-going regeneration programmes in the Black Country as a result of a RLS in southern Staffordshire. These are identified in more detail in the following Chapter and relate to diversion of investment by occupiers/developers planning new distribution facilities in the medium strategic warehouse (50,000 sq. ft./4,645 sq. m. – 100,000 sq. ft./9,290 sq. m.) and small strategic warehouse (less than 50,000 sq. ft./4,645 sq. m.) categories
Environmental: Negative	This is highly likely to be adverse in local environmental terms given the local traffic and visual impact. There may be other local adverse impacts including air quality, ecology, noise, heritage and archaeology. This is balanced however by wider environmental benefits resulting by CO2 net reduction due to use of rail freight.
Social: Neutral	The project is considered to have neither positive nor negative impact. The creation of a large scale RLS development is likely to face considerable opposition from adjacent local communities, however this is balanced by the potential longer term beneficial impacts on tackling worklessness and skills leading to a greater feeling of well-being.

8.9 Conclusions

- There has been significant employment loss as a result of the economic downturn. However, looking forward there is evidence of strong employment growth up to 2026 across the West Midlands⁵⁰;
- West Midlands remains highly competitive in relation to logistics;
- 10.0% of the work force in the study area is employed in logistics. This compares to 8.7% regionally and 7.6% nationally⁵¹;
- Our forecasts suggest that logistics employment in the West Midlands grows from 197,700 in 2010 to 216,300 in 2015 to 217,700 in 2020 to 222,200 in 2026⁵²;
- We estimate that an RLS would create approximately 6,810 net jobs based on a medium job density scenario (including induced and indirect employment) for the residents of the study area. Alongside this it would create approximately 6,926 construction jobs, lever

50 Sources: Office for Budget Responsibility, ONS, and URS Calculations

51 Source: ONS, Business Register and Employment Survey, 2011

52 Sources: Office for Budget Responsibility, ONS, and URS Calculations

£648 Million private sector investment and £116.2 million GVA⁵³ for the sub-regional economy by 2026;

- Regeneration outputs are highly positive and regeneration outcomes are also likely to be beneficial with the exception of local environmental impact and risks to ongoing regeneration programmes in the Black Country Zone;
- A RLS facility is likely to provide a range of skilled, semi-skilled and low skilled job opportunities but 47% of jobs could be in process, plant, machine and elementary occupations using figures from Skills for Logistics;
- The RLS would offer opportunities for local residents to secure new or higher paid, skilled jobs;
- There is overall capacity in and good skills profile match with the workforce in the immediate travel to work areas; and
- There is limited capacity within South Staffordshire to provide the labour for a new RLS in its area, a gap that would need to be plugged by other adjacent local authorities such as Wolverhampton with consequent economic benefits in deprived areas

⁵³ GVA: Gross Value Added, GVA is the value of goods and services produced by an area, sector or producer minus the cost of the raw materials and other inputs used to produce them.

9. TASK 4 ASSESSES THE RISKS OF POTENTIAL DIVERSION OF INVESTMENT FROM THE BLACK COUNTRY AND SUGGEST PRACTICAL MEASURES TO MINIMISE SUCH RISKS.

9.1.1 The question at hand within this task concerns the extent to which a RLS locating in southern Staffordshire could be harmful to the Black Country in economic terms in relation to:

- 1. New investment that would in the absence of a RLS (located in southern Staffordshire) have located in the Black Country; and
- 2. Existing Black Country firms relocating to a RLS (located in southern Staffordshire).

This chapter is structured as follows:

- Paragraph 9.2 considers the risks in relation to new investment in the Black Country
- Paragraph 9.3 considers the risks in relation to existing Black Country firms relocating
- Paragraph 9.4 suggests practical measures to minimise such risks

9.2 New investment that would in the absence of a RLS (located in southern Staffordshire) have located in the Black Country

9.2.1 The regeneration initiatives that are currently planned in the Black Country and the extent to which a RLS could compete with these regeneration initiatives for new investment are considered below. These are high priority regeneration and planning initiatives which should not be undermined by a RLS that may locate in proximity in southern Staffordshire.

9.2.2 The Black Country 5 Year Growth Plan was launched in September 2012 through the Black Country Local Enterprise Partnership. This identifies key clusters to raise GVA per head to the UK average, including:

- Advanced manufacturing;
- Building technologies;
- Transport technologies including aerospace;
- Business services; and
- Environmental technologies.

9.2.3 The Plan describes that the Black Country is:

“..implementing a focused and coordinated approach to ensuring there is a sufficient stock of employment land to meet demand and support the growth of and diversification of the economy. Specifically the Black Country is working towards providing a portfolio of Strategic High Quality Employment Land suitable for growing a diversified economy and priority sectors”

9.2.4 The Black Country Zone, led by the Black Country Local Enterprise Partnership, comprises 320 acres of development sites in Darlaston and i54 - Wolverhampton North. The Zone expects to create 4,000 net new jobs in advanced manufacturing and environmental technologies including aerospace, automotive and engineering. Supporting, critical highway improvements through the Darlaston Strategic Development Area Access Project are programmed to improve access to a number of the sites.

- 9.2.5 A number of key schemes are identified for offices and employment land including:
- Wolverhampton Science and Business Parks – sites are available to support 23,200 sq m B1 development;
 - The Gateway Site, adjacent to J2 M54 – consent is in place for 4,995 sq m B1 development;
 - Walsall Gigaport/office corridor – including 127,000 sq m offices;
 - i-54 – located to the north of Wolverhampton and adjacent to the M54 focuses on key high-technology sectors including aerospace, automotive and other advanced manufacturing and business services. This area provides the potential to generate several thousand skilled and semi-skilled jobs in key high technology sectors supplying the high end manufacturing companies the Black Country seeks to attract onto i54;
 - Darlaston SDA - The Darlaston sites comprise a cluster of sites either side of the M6 south of Junction 10, providing 40 hectares of developable land. The focus of these sites is environmental technologies, including recycling, and producing engineering intensive components for the advanced engineering sector;
 - Lupus Park – proposals for 16,000 sq m B2/B8 by 2016; and
 - Cobalt Park – Neachells, Wednesfield – 2.4 hectare site with consent for 6,300 sq m B2/B8 uses.
- 9.2.6 Paragraph 5.1 sets out the type of occupier that would be attracted to a RLS. The largest scale B8 occupier which would be attracted to a RLS would not generally compete with the sites or market targeted in the EZ – there are no competing sites within the Growth Plan.
- 9.2.7 There is potential, however for new investment at a RLS to compete with sites in the Black Country Zone in the medium strategic warehouse (50,000 sq. ft. /4,645 sq. m – 100,000 sq. ft./9,290 sq. m.) and small strategic warehouse (less than 50,000 sq. ft./4,645 sq. m.) categories.
- 9.3 Existing Black Country firms relocating to a RLS (located in southern Staffordshire)**
- 9.3.1 To our knowledge there are no existing RDC or NDC operations which would relocate as a result of a RLS coming forward in southern Staffordshire, however a review of what has happened at Birch Coppice is highlighted below as this is likely to be a reasonable indicator of the extent to which Black Country firms might relocate.
- 9.3.2 Current occupiers at the Birch Coppice site are shown below in Table 9.1 including their origin:

Table 9.1 Birch Coppice occupiers and their origin.

Occupier	Floor area (sq ft)	Use	Comments regarding origin
Severn Trent	19,000	Light industrial - testing facility	New enterprise
Petit Forester	5,000	B2 - Refrigeration servicing	Relocation from Tamworth
Instarmac Group	120,000	Manufacturing - Chemicals (cleaning products)	Relocation from a site approximately 2 km away
PHS	40,000	B2/B8	New enterprise
UPS	390,000	B8	Consolidation of 2 units in Nuneaton
VW/TNT	733,000	B8	New enterprise
SS Gears	30,000	B2/B8	Relocation from Tamworth
Ceva	55,000	B8	New enterprise
HIB	40,000	B8 – bathroom fittings	Relocation from Tamworth
Bristan	230,000	B8 – bathroom fittings	Relocation from Tamworth
Euro Car Parts	256,000	B8	New enterprise
Ocado	575,000	B8 – Customer Fulfilment Centre	New enterprise
Mobis	220,000	B8 – car parts	New enterprise

9.3.3 Table 9.1 shows that several B2 and B8 occupiers relocated from an existing industrial estate in Tamworth. Our consultation with Tamworth BC reaffirmed our market research in that these occupiers relocated as there were no suitable sites or premises in the locality. The result though was not considered to be unsatisfactory and overall Birch Coppice is considered to be generally beneficial as:

- The majority of employees were retained as the move was only a few miles;
- New job opportunities have been taken by Tamworth residents; and
- Premises vacated have been sub divided providing a new source of work space for SMEs.

9.3.4 The experience at Birch Coppice, where a number of local firms relocated to the site, would suggest that there is a medium risk that a number of existing Black Country firms could be attracted to a new RLS site located in southern Staffordshire.

- 9.3.5 There is a risk that some existing Black Country parcel courier firms might relocate to a RLS. Chapter 3 established that Internet Fulfilment Centres need to be close to parcel delivery companies' hubs in order to be able to offer late cut off times for ordering and to reduce trunking costs. The study area has a number of parcel courier firms including Yodel (Willenhall) which has recently invested circa £8m investment, TNT (Cannock), Fedex (Burntwood) and DPD (Geopost) (Smethwick). It is likely that a RLS would bring additional business to such operators by attracting Internet Fulfilment Centres leading to need for expansion or rationalisation.
- 9.3.6 Parcel firms tend to opt for smaller scale distribution centres at competitive rental levels with ample vehicle manoeuvring and parking and dock doors and are not considered to be prime candidates themselves as RLS occupiers. It is possible, however, that Black Country courier operations may consider relocating to a RLS.
- 9.3.7 We have held consultation with the Black Country Chamber of Commerce and there has been no adverse reaction to the principle of a RLS located in southern Staffordshire. Local company AF Blakemore and Sons Ltd suggested little prospect for it moving as a result of a new RLS facility (see Appendix E for more detail).
- 9.3.8 Poundland is a national retailer with HQ in Willenhall. It serves its southern stores through a new 200,000 sq. ft. (18,580 sq. m.) distribution centre at Hoddesdon, Hertfordshire which opened in August 2012 and in the Midlands from centres at Bilston and Willenhall.
- 9.3.9 Poundland was approached to confirm its views on a RLS, however, did not participate in the study. It is therefore not known whether there is a prospect for Poundland to rationalise its Black Country operations on to one site. In the event though that it did there could be measures secured to minimise job losses at a local level through transport to work assistance for existing employees.

9.4 Practical measures to minimise risks

- 9.4.1 Table 9.2 below sets out the risks identified in relation to investment diversion and suggests practical measures to minimise these. These are broadly consistent with RSS Phase 2 which sought to oppose B1/B2 development unless they were considered essential to support the primary (B8) purpose of the site, although the measures identified below are slightly more flexible and tailored to local circumstances.

Table 9.2 Measures to mitigate risk of diversion of investment from Black Country

Risk	Category of risk	Potential measure to mitigate	Comments
RLS competes with Black Country Zone sites for new B1, B2 and B8 development	Low to medium	<p>Restrict any proposals for standalone B1a offices at a RLS as necessary to B8 operation</p> <p>Restrict B2 manufacturing at a RLS to large scale and high value (to be determined) that could not otherwise be accommodated in the Black Country Zone or where B2 use is required for operational reasons to be co-located with B8 use.</p>	

		Restrict B8 distribution at a RLS to large scale facilities	In planning terms this may be impractical and inflexible in relation to medium strategic warehouse (50,000 sq ft – 100,000 sq ft) and small strategic warehouse (less than 50,000 sq ft)
Existing Black Country manufacturing and distribution firms relocate to a RLS	Medium	<p>Restrict any proposals for standalone B1a offices at a RLS as necessary to B8 operation</p> <p>Restrict B2 manufacturing at a RLS to large scale and high value (to be determined) that could not otherwise be accommodated in the Black Country Zone or where B2 use is required for operational reasons to be co-located with B8 use.</p> <p>Restrict B8 distribution at a RLS to large scale</p> <p>Consider and implement improvements to existing estates – e.g. Environmental, access, security, roads/drainage, tackle postcode issues in order to retain existing occupiers.</p> <p>Provide travel to work assistance and advice for relocating companies wishing to retain workforce.</p>	<p>In planning terms this may be impractical in relation to medium strategic warehouse (50,000 sq ft – 100,000 sq ft) and small strategic warehouse (less than 50,000 sq ft)</p> <p>Making or requiring provision for public transport for employees could form part of a travel plan linked to a planning consent.</p>

10. THE LARGE SCALE LOGISTICS SECTOR - LAND AND PROPERTY DEMAND AND SUPPLY

10.1 National Demand

10.1.1 A total of 4.1 million sq. ft.(380,890 sq. m.) of logistics space in units of 100,000 sq. ft. (9,290 sq. m.) and above was taken up in England during the first half of 2012. This shows a subdued demand for the same period in 2011 when 6.9 million sq. ft. (641,000 sq. m.) was let. Logistics companies accounted for 46% of take up with retailers taking 29%. The West and East Midlands each accounted for 20% of the total UK take up signalling the continuing demand for these regions.⁵⁴

10.1.2 The lack of existing available new buildings has meant that larger requirements have had to seek design and build options. A total of 5.5 million sq. ft. (510,950 sq. m.) has been acquired on this basis during this period. The South East has been the principal beneficiary of this activity, with no design and build activity so far this year across the Midlands. This is likely to begin change in 2013 due to the number of existing units which have been let in the Midlands during 2012 resulting in very limited floor space currently available. There has been no speculative development since 2007.

10.1.3 Rather than being able to acquire existing buildings, occupiers with larger space requirements, (in excess of 500,000 sq. ft. /46,450 sq. m.) have had to enter into negotiations with developers on a design and build basis. The re-emergence of design and build procurement has been led by retailers, particularly large supermarket chains. Occupier activity began on a high for the start of 2012 following a quieter spell towards the end of 2011. The scarcity of space is now having a material impact on the levels of take up. Confirmation on new space was announced by four supermarket groups; Tesco (in Reading), Sainsbury's (in Basingstoke and Exeter), Asda (in Rochdale) and Aldi (in Rotherham).

10.1.4 In addition we have seen an uptake in demand from bargain and fixed price retailers, who continue to expand their store network. In 2012 there have been deals involving B&M, Poundland and 99p stores and we expect others to come into the market in 2013.

10.2 Regional Demand

10.2.1 Recent take-up has remained strong in core distribution locations in the East and West Midlands and parts of London and the South East. However, in recent years, the shortage of space in some key areas and the strong locational fundamentals – particularly relating to transport accessibility and labour market conditions – of alternative regions has meant demand has also moved to areas, such as South Yorkshire and Staffordshire, which were previously considered more marginal.

10.2.2 Take up in the Midlands in the first half of 2012 totalled 2.16 million sq. ft. (200,665 sq. m.) with just under half of this being new space. This was almost evenly split between the East and West Midlands. However there have now been no transactions of over 500,000 sq. ft. / 46,450 sq. m. for over twelve months when deals involving Amazon, Co-operative group and Ocado were agreed.

⁵⁴ JLL The UK Big Box and Industrial Market Sept 2012

- 10.2.3 Take up of new buildings in southern Staffordshire and Black Country has been limited, however this is predominantly because there is so little supply. The M6 corridor provides a good logistics location when combined with the M6 Toll road and a rail link onto the West Coast main line, however in order to attract occupiers there needs to be suitable sites available. The very limited number of existing larger buildings over 500,000 sq. ft./ 46,450 sq. m. means that take up in 2012 has been predominantly in units of less than 200,000 sq. ft./18,580 sq. m. and we anticipate this to continue into 2013 as available buildings are sub 200,000 sq ft./ 18,580 sq. m.
- 10.2.4 Transactions completed in the first half of 2012 include Steinhoff at Hydro on Magna Park where the company took 426,000 sq. ft. /39,575 sq. m., Smyths Toys who have taken Alto 415 on Lymedale Business Park in Stoke on Trent and Excel Logistics who took Stirling 150 in Solihull. More locally we have seen Euro Car Parts commit to Birch Coppice where Ocado are also locating.
- 10.2.5 The locational distribution of development completions has also reflected the change in sentiment with regard to some locations that have recently emerged as favourable logistics locations – such as South Yorkshire and the Northern West Midlands – as well as confirming the attractiveness of core distribution locations in the East and West Midlands and parts of the South East.
- 10.2.6 Occupiers can be attracted to rail linked sites even though it is not a primary attracting factor and even though they may not use rail when they first locate at such a site.
- 10.2.7 It is important to appreciate that those occupiers with requirements over 100,000 sq. ft. /9,290 sq. m., agents and developers consider the B8 market in sub regional and regional terms. The historic tendency has been for the market to consider West and East Midlands separately but recognising that the larger scale enquiries say over 200,000 to 300,000 sq. ft. (18,580 to 27,870 sq. m.), will consider an area of search encompassing both, subject to their specific search criteria. In market terms therefore the Black Country and southern Staffordshire are considered within this structure
- 10.2.8 Table 9.1 below shows large scale distribution sites/buildings sold/let over the past 15 months in the Midlands. This shows a take up of 5.7 million sq. ft. (529,530 sq. m.).

Table 10.1.1 Large scale B8 take up in the Midlands - 2010 to Q2 2012

Date of letting/sale	Occupier	Site	Floor area (sq ft)/sq m
Jan 2010	Euro Car Parts	Birch Coppice, N. Warks.	256,000/23,782
Jan 2010	James Butcher Pet Food	Crick, Daventry	260,000/24,150
Mar 2010	Centresoft (software distributor)	Swadlincote, S. Derbyshire	240,000/22,295
April 2010	GAP	Stafford	230,000/21,370
Aug 2010	Marks and Spencer	EMDC, Castle Donington	1,000,000/92,900
Sept 2010	Ocado	Birch Coppice, N. Warks.	575,000/53,420
Sept 2010	BMW	Pineham, Northampton	458,000/42,550
July 2011	Amazon	G Park Rugeley	700,000/65,020
Aug 2011	Tesco	DIRFT II	800,000/74,320
Sept 2011	Co-Op	Castlewood, J28 M1	477,000/44,315
Nov 2011	Eddie Stobart	Magna Park, Lutterworth	275,000/25,550
Mar 2012	Smyths Toys	Lymedale Park, Newcastle	415,000/38,550
		TOTAL TAKE UP	5,686,000/528,230

10.2.9 Figure 2 shows location of B8 floor space take up since January 2010 (see Appendix C for a full list) and shows the lack of take up in the West Midlands compared to the East Midlands and in the study area in particular where there were only three lettings, all under 250,000 sq. ft. (23,225 sq. m.)

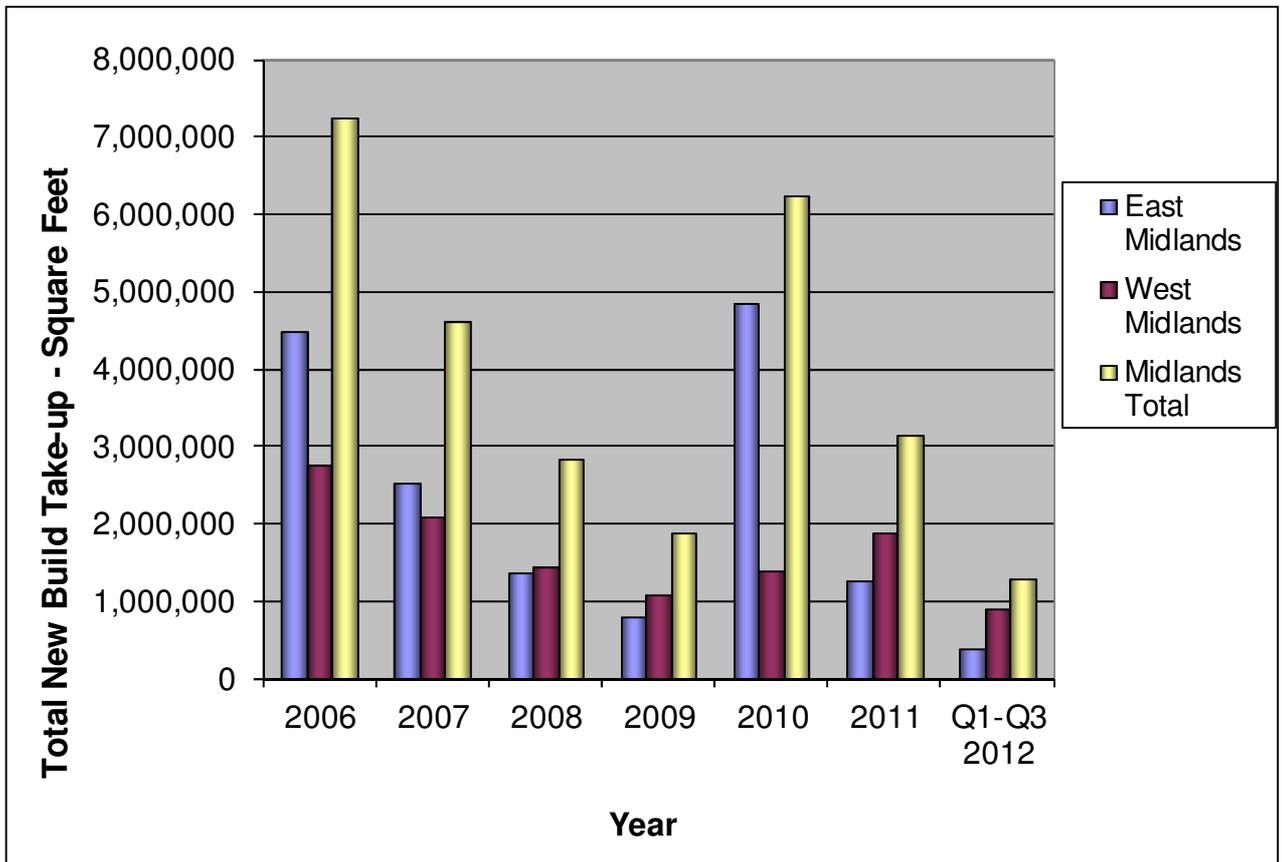
FIGURE 2 – LOCATION OF DISTRIBUTION PROPERTY TAKEUP SINCE 2010

10.2.10 **Midlands historical take up rates – large scale B8 floor space**

10.2.11 The take up rate of new build B8 space over 100,000 sq. ft between 2006 and Q3 2012 is shown in Figure 10.1. This shows a sizeable variation in total take up between 1.9 million sq. ft. (176,510 sq. m.) in 2009 and 7.2 million sq. ft. (668,885 sq. m.) in 2006. Between 1996 and 2009 the average annual take up rate of new build B8 space in the West Midlands was 2.5 million sq. ft.⁵⁵ (232,250 sq. m.). The data demonstrates:

- East Midlands average take up of 2.24 million sq. ft. (208,100 sq. m.);
- West Midlands average take up of 1.65 million sq. ft. (153,285 sq. m.); and
- Combined Midlands average take up of 3.89 million sq. ft. (361,385 sq. m.).

Figure 10.1 Take up rate of new build B8 property over 100,000 sq. ft./9,290 sq. m. between 2006 and Q3 2012 – East and West Midlands: Source: CBRE



55 See figure 6 West Midlands Regional Logistics Study 2009 Update – MDS Transmodal, Savills – note this study included buildings over 10,000 sq ft (929 sq m)

10.3 National Supply in the large scale logistics sector

- 10.3.1 At the end of June 2012 there was 9.2 million sq. ft. (854,685 sq. m.) of logistics space available across the UK, which is the lowest level since 2005. This is virtually unchanged from the position six months ago. Some 28% of this space is classified as new.
- 10.3.2 New space is now very unevenly distributed across the UK. The North West and the South East are the two regions where new space is the most scarce, constituting 9% of overall availability in both regions.
- 10.3.3 Recent market research (Logistics Matters) published by BNP Paribas Real Estate in November 2012 found that the market is still dominated by the four key regions: the South East, the Midlands, the North West and Yorkshire which accounted for 73% of all transacted space in 2011.
- 10.3.4 There is currently approximately six months supply of existing logistics floor space in the West Midlands based on the current rates of take up. Supply of new space has fallen nationally by 13% since the end of 2011 to stand at 8.4 million sq ft. (780,365 sq. m.)

10.4 Regional Built Supply in the large scale logistics sector

- 10.4.1 The Midlands supply levels have remained relatively stable during the past 12 months but this masks two diverging trends. New space continues to decline and has fallen 22% since the start of 2012 with just 3.5 million sq. ft. (325,150 sq. m.) of new stock now available. Logistics Matters November 2012 found that the Midlands has 12 months supply of new B8 space using figures for known current stock and an annualised take up rate.
- 10.4.2 In contrast the amount of second hand space has continued to increase, rising by 30% in the year to date to now stand at 5.8 million sq. ft. (538,825 sq. m.) Appendix C provides a list of all properties that make up these figures. Over the course of the last 12 months the Midlands market has changed from one where new space had the largest share to one now dominated by second hand space. This has an impact as the largest sector of the occupier market attracted to logistics sites in the region is retailers who generally look for new space.
- 10.4.3 With limited availability of new space across the Midlands attention is turning to land where new warehouse stock can be delivered. Land which has infrastructure and planning consent already in place will be attractive to occupiers seeking a design and build deal, however the number of sites that can offer this are very limited.
- 10.4.4 In the Midlands at the current time there are four larger units on the market they are:
- Tamworth 594, (594,444 sq. ft./55,224 sq. m.)
 - Crackerjack in Corby, (528,000 sq. ft./49,050 sq. m.)
 - Unit 2 on Max Park in Corby, (212,500 sq. ft./19,740 sq. m.))
 - G Park Blue Planet, Stoke (387,762 sq. ft./36,025 sq. m.))
- 10.4.5 Figure 3 below shows the spatial distribution of properties that are currently available across the Midlands, distinguishing between three categories of buildings – new completed development, second hand modern and other (older stock). In total the current supply equates to 9.45 million sq. ft. (877,910 sq. m.). A full list of these properties can be found at Appendix C. Figure 3 and Appendix C show that there is very limited supply in the study area – only 2.5 million sq. ft. (232,250 sq. m.)

FIGURE 3 – LOCATION OF AVAILABLE DISTRIBUTION PROPERTIES END OF Q3 2012

Although the figures present an up-to-date audit much of the built space listed is of questionable suitability for warehousing for a RLS or SRFI facility because it is too small by modern standards and has insufficient eaves height for modern use. These buildings also tend to lack the number of docks needed for modern fast moving businesses.

10.5 Capacity at existing RLS sites

10.5.1 The supply of attractive development ready sites in the Midlands with the appropriate infrastructure and which are rail served to the site, fitting the RLS definition, is very limited with Birch Coppice being the most recently developed.

Birch Coppice, North Warwickshire

10.5.2 Birch Coppice in North Warwickshire has the ability to accommodate a large requirement of 700,000 sq. ft. /65,030 sq. m. and should a recent planning application (July 2012) by Prologis be approved for a third phase on this 13 hectare site, this would bring forward 33,000 sq. m (c. 355,000 sq. ft.) of employment floor space of which it is anticipated that the amount of B1 light industrial and B2 will not exceed 11,500 sq. m.

10.5.3 Birch Coppice Phase 3 is additional to Phase 1 of 68 hectares now fully developed and Phase 2 of 40 hectares with approximately half remaining undeveloped and available. Previous concerns have been raised within the RPG of over development in this part of the region and our consultations revealed strong officer and member concern about further allocation at Birch Coppice centering on the feeling that the borough already provides for more than its fair share of B8 land and that other regeneration initiatives now have to take priority.

Hams Hall, North Warwickshire

10.5.4 Hams Hall, again in North Warwickshire, is the only other existing RLS site in the West Midlands. Hams Hall does have some further development land (20 hectares) at the power station B site, however the draft North Warwickshire Core Strategy is promoting this site for energy related uses only of a national need, arguing that land at Birch Coppice acts as substitute in terms of providing 20 hectares B8 land previously required under RSS. The LPA therefore does not support any further expansion as it is felt that the development at Birch Coppice means that the borough has already met its obligations set out in RSS. In addition the LPA also consider that expansion here is not a realistic prospect because the local road network could not cope with any additional traffic.

Hortonwood, Telford

10.5.5 We do not consider Telford freight terminal could have a significant role in meeting RLS needs in the study area or for the West Midlands as a whole. The actual terminal site is relatively small with little scope for warehousing. There are some warehouses in the vicinity, notably within the MOD complex at Donnington and at Hadley but they are not extensive. Most of the traffic through the Telford rail terminal is MOD traffic. It is not considered that the site is sufficiently centrally located to major markets to be attractive to distributors looking for warehouse locations. The terminal was sponsored by Wrekin Council and the MOD and has recently been sold to DB Schenker) but has so far not attracted any major occupiers. The reasons why Hortonwood is not considered to provides for capacity to meet market needs are:

- It is too remote from major markets in the West Midlands and also some way from Shrewsbury and the Welsh Borders which are not large enough markets;

- The site is some 35-45 minutes by road from the central areas of South Staffordshire and the Black Country. This would make it uneconomic and unattractive from rail trunk haul and then delivery by road;
- Road hauliers see a logistics site at Telford as a sub optimal location. They would most likely deliver direct by road;
- From a rail perspective, it is off the core WCML freight route. The limited number of rail freight services at the site serves only Telford and are not linked to deliveries to any other terminal; and
- The line from Wolverhampton to Wellington and Shrewsbury is gauge constrained. Network Rail information suggests: W7 Wolverhampton to Wellington, W8 Wellington to Shrewsbury but W6 Donnington Junction to Telford Freight terminal. This is not a key problem but does make it less attractive as a rail freight destination. There are no Network Rail plans at present to improve the loading gauge.

Other relevant sites

DIRFT

- 10.5.6 The only other sites in the Midlands capable of meeting large enquiries at RLS/SRFI sites are all in the East Midlands and include EMDC and DIRFT, where Sainsbury's has just pre let a 1 million sq. ft. (92,900 sq. m.) unit and substantial expansion plans are proposed.
- 10.5.7 A planning application has recently been made by Radio Rugby Ltd Partnership (BT and Aviva) and Pro Logis for a 182.2 (168 net) hectare expansion of DIRFT. Phase III of the scheme would comprise of an additional 731,000 sq. m (c. 7.9 Million sq. ft.) of rail linked warehousing creating a claimed 9,000 new jobs.

Coventry & Warwickshire Gateway

- 10.5.8 A planning application was submitted in September 2012 for a mixed use development known as Coventry & Warwickshire Gateway concerning land adjacent to Coventry Airport. This proposes a distribution and manufacturing zone and an advanced manufacturing and technology park up to 4.6 million sq. ft. (427,340 sq. m. on 300 developable acres of which 2.58 million sq. ft. (239,685 sq. m.) is planned for B8 use. The site is not rail linked and therefore does not meet previously derived RSS site/location criteria, however contributes 29% of West Midlands B8 land supply.

Basford, Crewe

- 10.5.9 Basford East and Basford West are major allocations of employment land to the south of Crewe on either side of the West Coast main railway line. The two sites comprise:
- 10.5.10 Basford West now known as Crewe Commercial Park is a 48.5 hectare site located close to Crewe town centre about 5 miles from J16, M6. The site is owned by Goodman and has planning consent for 1.5 million sq ft (139,350 sq. m.) of B8 floor space and can accommodate units up to 750,000 sq. ft. (69,675 sq. m.). The site has rail siding access, with a proposed rail freight terminal having been approved in the Crewe and Nantwich local development plan, which provides direct access to the West Coast Main line. Development is subject to major highway improvements to the A550 and M6 J16 estimated to cost £7 Million. The developer has recently claimed that development is unviable given these high costs and also due to market conditions.

10.5.11 Basford East is a proposed mixed employment site of 92 hectares and requires new highway to provide access. The site is not rail served. The approved development brief for the site provides for 40% of site area to be used for B8. It is likely that this site would be considered by occupiers considering a Midlands location as a potential solution particularly if there was no alternative choice.

10.6 Regional Land Supply in the large scale logistics sector

10.6.1 Figure 4 below and corresponding table in Appendix C show sites for B8 use which can be considered as forming the foreseeable supply (medium to longer term) of development land for large scale (in excess of 9,290 sq m) distribution and logistics sites across the Midlands. This includes land in both East and West Midlands as the large scale logistics market does not distinguish across regional or local authority boundaries.

10.6.2 Figure 4 and Appendix C show a supply of 2,519 acres (1,020 hectares) which are capable of accommodating 38,406,824 sq. ft. (3,568,000 sq. m. for B8 use. Of this only 284 acres (115 hectares) are located in the West Midlands capable of accommodating 7,864,000 sq. ft. (730,570 sq. m.) or 20% of the overall supply.

FIGURE 4 – LOCATION OF PIPELINE DISTRIBUTION LAND END OF Q3

10.7 Midlands demand and supply for B8 floor space: summary to 2027 - Match or Mismatch?

- 10.7.1 The historical take up between 2006 and 2012 of new floor space in the Midlands is 3.89 million sq. ft. (361,385 sq. m.) p.a. and in land area terms this equates to circa 223 acres (90.3 hectares) p.a. based on a plot density of 40%. Up to 2027 (i.e. over the next 14 years) this level of demand would equate to 58.35 million sq. ft. (5,420,750 sq. m.) or 3,345 acres (1,354 hectares).
- 10.7.2 The quantum of identified supply of B8 land in the Midlands is 2,519 acres (1,020 hectares) which could provide for 38.4 million sq ft (3,567,400 sq. m.) or 2.74 million sq. ft. (254,550 sq. m.) of floor space p.a. up to 2027. This equates to circa 10 years of supply at a take up rate of 3.89 million sq. ft. (361,385 sq. m.) p.a.
- 10.7.3 Table 9.1 below summarises the demand and supply position in the West Midlands and also provides figures for the North West⁵⁶ for comparison purposes.
- 10.7.4 This suggests that 65% of land supply to meet demand has been identified although 17.33 million sq ft or 45 % of total Midlands supply has yet to receive planning consent or where deliverability is questionable.

Table 10.2: Summary Midlands North West B8 demand and supply position - 2013 to 2027

AREA	Forecast Demand: 2013 – 2027 (million sq ft/sq m)	Forecast B8 Supply: 2013 -2027 (million sq ft/sq m)	Estimated Shortfall (million sq ft/sq m)
East Mids	33.6 (3.12)	30.5 (2.83)	- 3.1 (0,29)
West Mids	24.75 (2.30)	7.9 (0.73)	- 16.85 (1.56)
Midlands total	58.35 (5.42)	38.4 (3.57)	- 19.95 (1.85)
North West	45 (4.18)	38.28 (3.56)	- 6.72 (0.62)

- 10.7.5 For information purposes the West Midlands Regional Logistics Study 2009 Update forecast a West Midlands requirement of 35 million sq. ft. (3.25 million sq. m.) up to 2026 (over 15 years) by considering replacement and growth build.
- 10.7.6 Analysis of Appendix C demonstrates that there is a limited supply of development ready logistics sites to serve the Midlands over the medium and longer term and the West Midlands in particular in the short, medium and long term.

56 See report dated 26\3\12 by URS/CBRE prepared for St.Helens Council, Core Strategy, EIP – Response to JLL/Peel Core Strategy Representation

- 10.7.7 The North West is forecast to have a broad match between supply and demand and evidence provided to this effect persuaded the Planning Inspector at EIP in July 2012 that St. Helens Core Strategy was sound and did not need to consider release of Green Belt land for warehousing.
- 10.7.8 Those sites which are rail linked and have a large amount of available land are predominantly in the East Midlands and this is reflected in the fact that recent take up has been focused on the East Midlands. The large occupier requirements will generally only commit to those sites which are already serviced, and have rail links which is demonstrated by M&S taking a 900,000 sq. ft. (83,610 sq. m.) unit at EMDC.
- 10.7.9 Considering the demand and supply of RLS/SRFI land in the East Midlands is beyond the remit of this study, however the balance of DIRFT II and proposed expansion of DIRFT III will provide 212.2 hectares and should be factored into a consideration of need to serve the West Midlands.
- 10.7.10 The Need Report⁵⁷ which supported the planning application for DIRFT III argues that even with DIRFT III, 78 hectares of the 308 hectare regional target set in the East Midlands Regional Plan March 2009 would still need to be identified. It is considered that expansion plans for DIRFT III of 168 hectares net will cater for some of the growth projected for the West Midlands. The Need Report argues that 15% of the new expansion will serve the West Midland based on existing distribution of outbound HGVs. This would equate to 25.9 hectares.
- 10.7.11 The implications for the mis-match between supply and demand particularly in the West Midlands market of which the study area forms part will be:
- An inability to attract investment and new jobs in the large scale B8 sector; and
 - An inability to compete with other regions including the East Midlands and the North West.

57 DIRFT III – Expansion: Need Report, Nathaniel Lichfield & Partners May 2012 (Draft) - (see paragraph 3.105)

- 11. TASK 6: RE-EXAMINE THE RSS2 EVIDENCE BASE IN LIGHT OF UP-TO-DATE ECONOMIC AND MARKET EVIDENCE TAKING INTO ACCOUNT ANY CHANGES IN COMPETITIVE ADVANTAGE OF WEST MIDLANDS, BLACK COUNTRY AND SOUTHERN STAFFORDSHIRE**
- 11.1.1 The key RSS evidence base findings which led to the proposed regional policies for RLS provision are summarised below and a study response is provided. The 2004/2005 Regional Logistics Studies Stages One and Two and the 2009 Update are re-examined as they are historic and provided the core technical evidence supporting the development of RLS policy.
- 11.1.2 Other evidence base documents and studies including SRFI Policy Guidance, West Midlands Freight Strategy – Vision and Key Issues, Black Country, South Staffordshire and Cannock Chase Core Strategies are not re-examined as they are recently approved, published or emerging documents.
- 11.2 Regional Logistics Study Stage One, King Sturge (June 2004)**
- Industry Trends**
- 11.2.1 **Key Finding 1.** Retailers, manufacturers and third party logistics contractors are expected to be the core sectors to drive the bulk of demand for warehousing.
- 11.2.2 **Study response** - this remains the case. Certainly retailers and 3PL companies are continuing to take up the majority of new large scale B8 floor space. Manufacturers are less significant unless they are already located in the area and are growing. Food retailing is a growing sector particularly in internet shopping leading to recent trend towards Internet Fulfilment Centres.
- 11.2.3 **Key Finding 2.** The two key factors influencing a company’s choice of transport mode are service and cost. For most types of goods rail provides an inferior service and cost profile compared with road. In addition, certain trends in logistics, such as the more frequent delivery of smaller consignments and home delivery, work in favour of road rather than rail
- 11.2.4 **Study response** – this remains the case.
- 11.2.5 **Key Finding 3.** In the medium and long-term, increasing globalisation could mean more demand for warehousing associated with imports, as more of what the UK consumes is manufactured abroad. In addition, as more of what the UK consumes is made abroad, imports into UK containers ports will continue to grow with the result that the UK container capacity will have to be expanded. This will lead to opportunities for rail to move more containers to inland hubs.
- 11.2.6 **Study response** – This forecast trend has materialised. Despite the economic downturn, rail freight grew by 2% between 2006 and 2011 whilst inter modal traffic grew by 29% based on October 2011 data provided by MDS Transmodal (see paragraph 9.5.3 for more detail).
- 11.2.7 There is also a trend for more logistics processing to be carried out in the Far East so that goods will be shipped direct to UK stores direct from Far East processing stores to UK ports. Also rising costs in the Far East mean that there is a trend to explore other low cost economies such as Eastern Europe which may in turn also impact what happens in this country. This could mean that more goods will be moved by road or by short sea shipping. This is unlikely in itself to lead to port growth but will change the dynamics of port activity as it opens up the possibility of using smaller ports.

- 11.2.8 **Key Finding 4.** With respect to location factors, an operator will typically conduct a two-stage assessment. The first involves a transport assessment to identify a broad location that meets its requirements. This stage could include assessment of other factors such as a sufficient pool of labour. The second involves a more micro-level comparison of sites and property within the defined area. Key micro location factors include access to trunk road/motorway and no restrictions on vehicle movements or hours of operation.
- 11.2.9 **Study response** - Not necessarily always the case. With the development of modern logistics, companies especially large retailers, tend to compromise the centricity of location to the availability of the right type of land, where they can build larger/taller facilities to better utilise the space with for example Very Narrow Aisles and automatic high bay storage.
- 11.2.10 Transport will have to get quite materially more expensive before it becomes the overriding consideration. Another important requirement is public transport to bring workers to site. A large proportion of employees working at RLS type facilities are often unwilling to travel far on cost grounds, particularly if public transport provision is poor.
- 11.2.11 **Key Finding 5.** With respect to transport, we expect more companies to consider rail freight over the medium and longer term, although not to such an extent that it will significantly change the dominant position of road freight. This could happen in response to a gradual shift in the competitive situation between road and rail,
- 11.2.12 **Study response** – There is some truth in this expectation but it is agreed (based on recent statistics (see paragraph 19.3, Appendix F) that modal shift is not likely to occur to such an extent that it will significantly change the dominant position of road freight unless there are compelling political/economic pressures to move freight off the road. The geography of Great Britain does not lend itself very well to rail freight compared with countries with greater distances within, such as USA and the continent. As such we are seeing limited evidence of a material shift to rail.
- 11.2.13 **Key Finding 6.** The continuing demand for large-scale distribution facilities reflects key changes in logistics, which have resulted in companies consolidating their inventory into fewer but larger facilities allowing them to gain economies of scale in warehouse operations.
- 11.2.14 **Study response** – Agreed. This concurs with the study response to point 4 above. Larger 1million sq ft food retail distribution centres achieve efficiencies through automation, conveyors and new technology, software and management systems. It is considered that the movement to larger scale facilities providing the NDCs and RDCs will continue into the medium term and presents an economic opportunity for the study area and wider Midlands
- Employment and Skills**
- 11.2.15 **Key Finding 7.** Evidence suggests that employment densities generated by warehousing are generally lower than generated by manufacturing
- 11.2.16 **Study response** - Agreed. Employment densities in the logistics sector are generally significantly lower than service sector activity, in commercial offices and manufacturing activities. It should also be noted that the variation in employment densities within the logistics sector is significant and ultimately dependent on the facility in question.
- 11.2.17 **Key Finding 8.** As requirements in the distribution market have increased in size, it is clear that large warehouses are significant employers.
- 11.2.18 **Study response** - Agreed with reservations. The employment densities of a warehouse are more dependent on the degree of automation technologies used, and the type of products

handled. For example, a large automated high bay warehouse handling full pallets of bulkier products such as carbonated soft drinks will have lower employment density than a small warehouse where small internet orders are manually prepared and despatched or in the instance of Ocado, Birch Coppice where a large workforce is required to fulfil internet grocery orders.

- 11.2.19 **Key Finding 9.** Warehousing can provide a variety of employment opportunities. However, the availability of skills in this sector is becoming critical.
- 11.2.20 **Study response** – Agreed but the majority of functions are low skilled. Mixed skills requirements are needed within logistics, however in typical logistics operations low skilled positions dominate. According to Skills for Logistics (2010), only 36% of the workforce in logistics has qualifications above NVQ level 2, compared with an average of 55% across all sectors in the UK. The skill mix will obviously differ from warehouse to warehouse depending on the size, process and technologies involved. In our practical experience as a rough guide, we would estimate the following splits:
- In a traditional warehouse of mainly manual operations:
 - 80% Non-skilled workers
 - 15% Administrative
 - 5% Managers
 - In an automated warehouse:
 - 70% Non-skilled
 - 10% Skilled workers
 - 15% Administrative
 - 5% Managers
- 11.2.21 With technologies such as voice picking, goods-to-man, pick-to-light et cetera, warehouse floor operatives do not require significant qualifications. It is known that there is a concentration of eastern European workers in this sector, particularly at locations such as DIRFT.
- 11.2.22 In our experience the availability of skills is not becoming critical. Skills shortages are mainly found in driving positions.
- 11.2.23 **Key Finding 10.** It is possible that labour shortages and the Working Time Directive (WTD) could encourage some changes in distribution structures. For example, combined with other factors (such as congestion and shorter order lead times) labour shortages may encourage some operators to move towards more decentralised networks. In this case, instead of centralising their inventory into, say, a single NDC some operators may choose to spread the risk through a network of smaller regionally-based warehouses.
- 11.2.24 **Study response** – Not accepted. It is considered very unlikely that labour shortages will drive decentralisation. Instead location decisions will be influenced at the outset by labour availability, amongst other criteria, assuming a site/property is available.

Logistics Land and Property

- 11.2.25 **Key Finding 11.** The West Midlands has a high profile in the logistics sector, with a significant concentration of large distribution facilities. The biggest concentrations lie in the Metropolitan Region (i.e. Birmingham/Solihull, Black Country and Coventry), Staffordshire and Warwickshire
- 11.2.26 **Study response** - This remains the case. Regional distribution centres locate near to major conurbations with good road access to other parts of the UK. Therefore users, in particular retailers, have been attracted to the region. These include Sainsbury's at Hams Hall, Safeway (now Morrisons) at Tamworth, and Tesco at Lichfield (Fradley).
- 11.2.27 The Midlands will continue to remain one of the most strategic and efficient locations in the country for major distribution occupiers and developers remain active, although are frustrated by suitable land supply and the cost, time and risks involved in securing planning consent.
- 11.2.28 RSS evidence highlighted, that a number of retailers are using one RDC to serve both the West and East Midlands. This could potentially lead to a decrease in the region's competitiveness if occupiers are lost to the East Midlands due to the lack of available and suitable land in the West Midlands.
- 11.2.29 **Key Finding 12.** Take up of land for distribution has averaged 112 hectares per annum for the last 3 years in the West Midlands. This indicates a regional supply of 3.6 years on established parks and 5.2 years on land identified as future supply (i.e. in the pipeline).
- 11.2.30 **Study response** – Chapter 9 and analysis of Appendix C demonstrates that there is a limited supply of development ready logistics sites to serve the Midlands over the medium and longer term and the West Midlands in particular in the short, medium and long term.
- 11.2.31 Between 2006 and Q3 2012 average annual take up of distribution space in the West Midlands was 1.65 million sq. ft. (153,285 sq. m.) Forecast land supply in the long term (to 2027) in the West Midlands amounted to 7.9 million sq. ft. (733,915 sq. m.) indicating an overall potential regional supply based on recent take up of only 4.8 years.
- 11.2.32 There is only 3.5 million sq. ft. (325,150 sq. m.) of new stock now available in the West Midlands
- 11.2.33 **Key Finding 13.** The suitable supply falls significantly in a number of key areas
- 11.2.34 **Study response** – The situation has become more critical particularly for the West Midlands – see figure 3.
- 11.2.35 **Key Finding 14.** The East Midlands now contains a number of realistic logistics locations that are more competitive than the West Midlands in terms of rent and land values. Prime examples are Corby and the Northern Coalfields in Nottingham. These may act to draw away some of the footloose requirements from the West Midlands.
- 11.2.36 **Study response** – This remains the case although Corby has a number of empty sites and is a long way to the East for anyone looking for a centralised operation. A14 to M1 congestion is seen as a locational disadvantage.

11.3 West Midlands Regional Logistics Study Stage Two, MDS Transmodal Ltd, Savills, Regeneris Consulting (September 2005)

Employment and Skills

- 11.3.1 **Key Finding 1.** At the local level a 188 hectare (i.e. using Four Ashes as an example) RLS could indicatively be expected to create in the order of 2,300 local jobs (i.e. jobs in local Logistics Areas as defined by the MDS Transmodal analysis) and 3,900 regional jobs.
- 11.3.2 **Study response** – Order of job creation is agreed. Our work forecasts that the Four Ashes development would create 11,350 net jobs using a medium density – this is similar to the 2005 analysis.
- 11.3.3 **Key Finding 2.** Lower grade positions within the logistics sector (Despatch Clerks, Warehouse ‘pickers’) attract an average gross weekly wage of around £300 per week. HGV drivers and forklift truck operatives can attract a gross weekly wage of approximately £350. Supervisory positions show an average gross weekly wage of between £370- £400.
- 11.3.4 **Study response** - Recent statistical evidence, set out below concurs. The Office for National Statistics Annual Survey of Hours and Earnings 2010 found that the median weekly gross pay overall in the UK was £404 in 2010 and was higher, at £470 median gross per week for the transportation and the storage industry.
- 11.3.5 A survey of wages was undertaken in October 2010 by Northamptonshire Enterprise Partnership which provided basic rates of pay for a wide range of occupations working in logistics organisations in Northamptonshire and is considered to be representative of the sector and order of wages at a RLS facility. This found
- the national minimum wage 2010 was £5.80, i.e. £203 for a 35-hour week and £232 for a 40-hour week).
 - warehouse operatives not using fork-lift trucks typically earned around £280 per week,
 - Those using fork-lift trucks were paid on average £320 per week.
 - Administrative staff had weekly earnings typically ranging from £290 to £400 per week.
 - A wide range of managerial-level occupations earned salaries in excess of the average for transportation and storage industry workers given above (£490/week, or £25,500 per year).
 - Managerial salaries typically ranged between £35k-£45k per annum (or £673-865 per week), with some specialist occupations such as IT/systems managers, supply chain managers, and top-grade financial and account managers earning £40k-£70k per annum (£769-£1,346/wk).
- 11.3.6 This study’s skewed distribution of wages, with a majority of workers earning somewhat below the national average and a minority earning substantially above the average, is typical of wage distributions in the transportation and the storage industry.
- 11.3.7 **Key Finding 3.** Regional Logistics Sites are likely to involve high technology multimodal methods of working, and will be utilised by significant regional or indeed national employers. This means that goods handling and storage occupations will require skill levels in line with NVQ level 2, including literacy, numeracy and IT skills.

11.3.8 **Study response** – Agreed. Evidence from Skills for Logistics 2010 showing the existing work force profile suggests that a large proportion of jobs would be at NVQ Level 2.

Logistics Land and Property

11.3.9 **Key Finding 4.** Demand for distribution space in excess of 10,000 m² is concentrated in the three areas of: M42/A5 Tamworth & Atherstone (which includes Hams Hall); M6/M69 - Nuneaton, Coventry & Rugby; and M6 - Birmingham & Solihull

11.3.10 **Study response** – Agreed, although with caveat. This general picture seems to remain the case (see Figure 2), however, this is in large part due to the relative and better availability of land and floorspace in these areas.

11.3.11 In recent years, the shortage of space in some key areas and the strong locational fundamentals – particularly relating to transport accessibility and labour market conditions – of alternative regions has meant demand has also moved to areas such as Staffordshire, which were previously considered more marginal.

11.3.12 The locational distribution of development completions has also reflected the change in sentiment with regard to some locations that have recently emerged as favourable logistics locations – such as South Yorkshire and the Northern West Midlands – as well as confirming the attractiveness of core distribution locations in the East and West Midlands and parts of the South East.

11.3.13 **Key Finding 5.** Congestion on the highway network is a growing problem for the logistics industry, especially since the adoption of 'just-in-time' delivery systems by manufacturing organisations such as the automotive industries and retailers

11.3.14 **Study response** - Agreed. Growth in internet shopping where delivery time windows can be as little as 15 minutes and home delivery also contributes to congestion. In relation to the study area occupiers will be concerned about congestion affecting the M6 and M5.

11.3.15 **Key Finding 6.** In order to remain competitive, operators are increasingly seeking to locate at sites which offer modal choice. Such sites will be preferred by operators. In terms of regional competitiveness, the development of commercially attractive logistics sites in other regions will potentially mean these regions becoming more competitive locations for distribution, if the West Midlands is unable to bring forward its own competitive logistics sites.

11.3.16 **Study response.** Agreed but only for certain occupiers. It is much more important for the potential users of RLS to have good road access compared with rail.

11.3.17 **Key Finding 7.** An analysis of the land requirement in the West Midlands up to 2021 for distribution warehousing, derived using the MDS Transmodal Great Britain Freight Model (GBFM) and market data provided by Savills, identified a need for four to six additional intermodal terminals to be located at Regional Logistics Sites

11.3.18 **Study response** – Our conclusion is that the previously derived figure from the Regional Logistics Study Update 2009 of 200 to 250 hectares holds good (see study conclusions).

11.3.19 **Key Finding 8.** A hierarchy of sub-regions was found to exist, with four Regional Logistics Locations including North Black Country and South Staffordshire regarded as one of four 'Best Regional Logistics Locations'. The key reasons for their selection was the quality of railway access and their location in relation to market demand and cargo origin/destination (serving both national and regional markets)

- 11.3.20 **Study response** –the study does not consider a hierarchy of locations within the West Midlands as this is not part of Stage One of the brief. The study conclusions recommend that further work is undertaken to search for suitable locations in the region.
- West Midlands Regional Logistics Study – 2009 update, MDS Transmodal Ltd, Savills**
- 11.3.21 **Key Finding 9.**There are currently no sites in the pipeline with planning consent which fully meet the recommended site selection criteria for a RLS
- 11.3.22 **Study response** – Site identification is out of the scope of this study.
- 11.3.23 **Key Finding 10.** Even with falling market demand in the current economic climate, the existing requirements still demand optimal locations and there is very limited capacity in terms of land supply to cater for this (albeit lower) level of demand
- 11.3.24 **Study response** – Agreed and (more importantly) higher/larger facilities.
- 11.3.25 **Key Finding 11.** Between 2009 and 2026 – need for 438 ha for large scale warehousing of which 307 ha is required as RLSs. This implies a need for between four to six new RLS (c. 55 ha in size) to be brought forward across the West Midlands region by 2026
- 11.3.26 **Study response** - The findings of the West Midlands Regional Logistics Study Stage Two, MDS Transmodal Ltd, Savills, Regeneris Consulting (September 2005) are considered to broadly hold good.
- 11.3.27 The latest data produced by MDS was in October 2011 which updated earlier figures. These confirmed and refined growth trends for rail business. So far as the West Midlands is concerned the latest forecasts endorse the earlier figures, indicating that maritime container traffic by rail to the West Midlands would increase from 2.3 million tonnes in 2011 to 4.6 million tonnes in 2030, an increase of 53%. Domestic intermodal traffic by rail to the West Midlands is forecast to increase over the same period from 214,000 tonnes to 3.3 million tonnes.
- 11.3.28 Whilst the methodology behind this work is not at question, only a range was provided and no sequencing or prioritisation was recommended in relation to the four best RLS locations, one of which was Black Country/southern Staffordshire. The Panel Report into RSS 2 considered that other locations may be appropriate including North Staffordshire. RLS provision has consistently been considered at a regional level and it is considered that the most appropriate way forward in planning terms is by reviewing suitable locations using the same spatial approach.

12. TASK 7: ASSESS THE IMPACT ON THE ROAD AND RAIL NETWORK, BOTH LOCAL TO THE SITE AND THE STRATEGIC NETWORK

This Chapter is structured as follows:

- 12.1 describes RLS transport principles, issues and capacity on the strategic highway network;
- 12.2 describes freight transport issues and capacity on the strategic road network;
- 2.4 sets out broad impacts of locating an RLS in the study area and potential mitigation.

12.1 RLS transport principles

12.1.1 The broad principles of an RLS are outlined earlier in this report, but essentially an RLS facilitates the supply chain for non-bulk goods. They operate on the principle that goods arrive in the UK in containers which are then transported to a site where the container load is unloaded, broken down and then reloaded on to LGV or HGV for onward delivery to supermarkets, retail centres et cetera. Therefore by its nature an RLS will generate a variety of different trip purposes:

- HGVs arriving at the site carrying container loads, and departing from the site to return to the port;
- HGVs and LGVs departing the site carrying goods for onward delivery, and returning to the site for loading; and
- Employee trips to / from the site.

12.1.2 An important aspect of an RLS is rail connectivity. Evidence of other rail linked sites suggests that rail accounts for 20-25% of container related movements. Having connection to rail gives scope for future modal shift away from road based container trips. However it should be noted that even if there is future modal shift from HGV to rail for the container trips, goods for onward delivery would continue to be transported on road.

12.1.3 Given the nature of the logistics industry and the demand for goods deliveries around the clock, typically an RLS would operate on a 24 hour, 7 day basis throughout the year. While this inevitably means that there will be traffic generated throughout the day and night, it does mean that the impacts would be spread out across the 24 hour period and therefore not result in a concentration of trips during the peak hours on the highway network.

12.2 Freight transport issues and capacity – the Road Network

12.2.1 The West Midlands is a focal point of some of the UK's busiest motorways and trunk roads. The strategic road network (SRN) within the West Midlands provides excellent links within the region and from the region to other parts of the country, including major cities and major ports. As the West Midlands is a built up area the SRN carries a significant proportion of local trips, which often use the motorway for short distances.

12.2.2 The hub of the strategic road network in the West Midlands is the motorway box around Birmingham, which comprises the M6 (from Junction 4a to 8) to the north, the M42 (from Junction 3a to Junction 7) to the east, the M42 (from the M5 to Junction 3a) to the south and the M5 (from the M6 to Junction 4a) to the west. The western side of the motorway box runs through the Black Country, albeit to the eastern side.

- 12.2.3 The Black Country is located to the west of Birmingham and in the main to the west of the M5. The Black Country extends further north than the motorway box and is served by the M6 to the north west of the box between Junction 8 and 10a. Again the majority of the Black Country lies to the west of the M6. The M6 north of Junction 10a runs through Staffordshire.
- 12.2.4 To the north of the Black Country is the M54 motorway which runs west from M6 Junction 10a and gives access to north Wolverhampton and South Staffordshire, and then on to Telford, Shrewsbury and Wales.
- 12.2.5 Although not directly serving the Black Country the M6 (Toll) routes to the north of the motorway box from M42 Junction 8 to M6 Junction 11 through South Staffordshire.
- 12.2.6 Other trunk roads, but not motorways, which are however part of the SRN in the vicinity of the Black Country and South Staffordshire include the A5 (which runs broadly east – west through Staffordshire) and A449 (which runs north – south through Staffordshire to M54 Junction 2, and continues south (not part of SRN) into Wolverhampton and the Black Country).
- 12.2.7 Other major local routes include:
- The Black Country Route - the A454 and A463 Black Country Route is a dual carriageway that links Bilston, Darlaston and Colesley to M6 Junction 10 at its eastern end and the A4123 Birmingham New Road at its western end; and
 - The Black Country Spine Road - the Spine Road comprises the A454 Black Country Route, the A4444 and A41 Black Country New Road, and A41 Expressway and gives access to M6 Junction 10 to the north and M5 Junction 1 to the south. It therefore links Bilston, Darlaston, Wednesbury and West Bromwich. Many of the key employment sites of the Black Country are accessed from the spine road and its good links to the SRN have attracted companies with significant logistics functions to invest in sites along the route including Poundland and Yodel.
- 12.2.8 Figures 12.1 and 12.2 show the road network in the West Midlands and the Black Country and highlight the importance of the SRN in the regional context, providing as it does local and inter-regional connectivity for personal, business and freight movements.
- 12.2.9 In summary the SRN provides excellent links between the West Midlands and the major container ports, through which the majority of goods being transported to a Regional Logistic Site will arrive in the U.K. The main container ports are located at Southampton, Felixstowe and Garston (Liverpool), and potentially Tilbury and Thames Gateway. The West Midlands has excellent SRN connections to and from these ports, as well as excellent links to and through the Black Country area.

Figure 12.1 – West Midlands Road Network

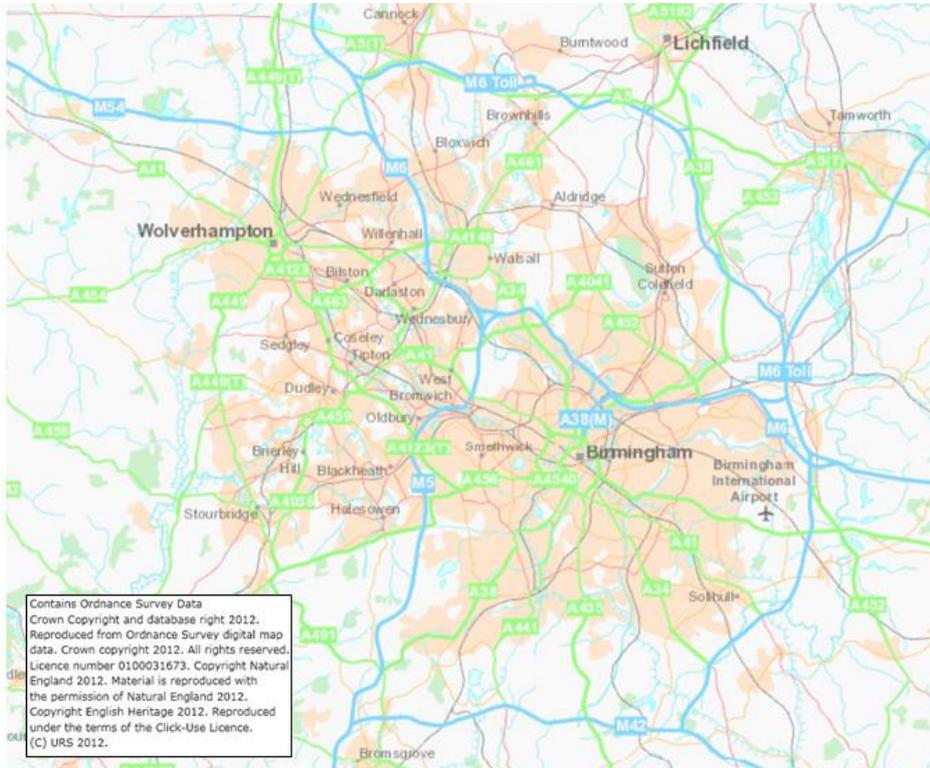
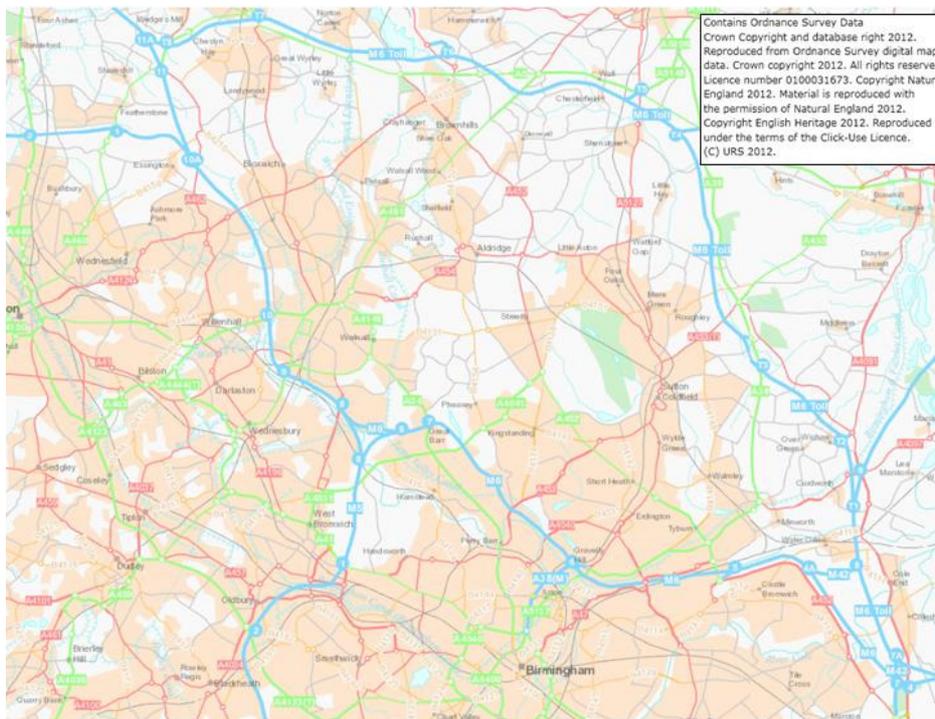


Figure 12.2 – Black Country Road Network



12.2.10 Assessment of strategic road network capacity

- 12.2.11 Parts of the West Midlands SRN are well known nationally for traffic congestion. The M6 to the north of Birmingham has long been operating above its design capacity, and in particular the interchange with the M5 has long been a bottleneck on the West Midlands network. In 2003 the M6 Toll was opened but has never realised its full potential of providing relief from the main M6 motorway.
- 12.2.12 Peak period traffic congestion is a key problem for all stakeholders in the region, i.e. the Highways Agency, Centro, local authorities, Local Enterprise Partnerships, business leaders, freight and logistics companies and potential investors in the area.
- 12.2.13 The key parts of the road network in terms of access to the Black Country are the M5, with Junctions 1 and 2 serving the Black Country, and the M6 with Junctions 8, 9 and 10 giving access. M6 Junction 8 is particularly important as it forms the interchange between the M5 and M6 motorways.
- 12.2.14 The M5 in this area is a 3 lane motorway with a theoretical capacity of over 10,000 vehicles per hour (2 way). It carries both strategic traffic from the southwest of Birmingham to the M6 and north, and a significant number of local trips. Peak flows reach up to 8000 vehicles per hour, but due to an imbalance of northbound and southbound flows in AM and PM peaks, and a relatively high proportion of local trips (which tend to be short hops resulting in additional weaving between junctions in this area), this section of motorway is frequently congested at peak times.
- 12.2.15 M5 Junctions 1 and 2 are recognised as congestion hot spots, where congestion occurs on a regular basis and has consequences on the operation of the road network.
- 12.2.16 Work undertaken on behalf of the Highways Agency to assess the impacts of the Black Country Core Strategy (M6-M5 Evidence Base For Black Country Core Strategy, June 2010) showed that both Junctions 1 and 2 currently operate close to capacity in the peak hours with (in some instances) long queues on approaches and congestion due to queues at the junctions blocking exits or downstream junctions. The report assessed that Junction 1 would go over capacity in 2016 and Junction 2 in 2013. At these points capacity improvement schemes would be required.
- 12.2.17 The M6 carries approximately 130,000 vehicles per day in the Black Country Region, between Junctions 9 and 10, which is significantly greater than the design capacity. Traffic flows are generally increasing in the M6, whereas flows on the M6 Toll are generally decreasing.
- 12.2.18 The M6 suffers from congestion at peak times between Junctions 8 and 10A with congestion likely to occur throughout much of the day. However the recent opening of Managed Motorways Phase 2 has improved traffic flows and reduced congestion but congestion does still occur at peak periods.
- 12.2.19 The Black Country Core Strategy Evidence Base report showed that both Junctions 9 and 10 currently operate within capacity in the peak hours, albeit with Junction 10 being close to capacity. Junction 10 currently suffers from peak hour congestion with long queues on some approaches and congestion due to queues at the junctions blocking exits from the junction. The report assessed that Junction 10 would go over capacity in 2016. Junction 9 was found to operate within capacity in 2026 with only some minor modifications required.
- 12.2.20 Although not considered as part of the The Black Country Core Strategy Evidence Base report, The M5 / M6 interchange suffers from regular peak hour congestion particularly where

the M5 and M6 motorways merge, although the planned completion of Managed Motorways Phase 3 will increase the capacity of the M6 and reduce congestion through this interchange.

- 12.2.21 The M6 Toll was opened in 2003 providing alternative route for through traffic avoiding the congested section of the M6 north of Birmingham. Traffic flows on the M6 Toll are significantly lower than anticipated and flows are currently in the region of 40,000 per day, with % HGV use of 1-2%. As a result the M6 Toll has significant spare capacity and generally operates without congestion at all times, It is widely considered that traffic and particularly HGV traffic is deterred from using the M6 Toll due to the current toll charges. Therefore the M6 Toll does not provide the relief to traffic on the M6 that it was designed to do.
- 12.2.22 Whilst parts of the network are heavily congested during peak hours, especially in the region of the Black Country, it is recognised that in the main the problems are during the AM and PM peak periods. As a result there is capacity during inter-peak and off peak periods. Given the nature of logistic operations, it is likely that these would not be focussed during the peak hours and journeys would where possible be timed to be outside of the peak hours.
- 12.2.23 Given the ambitious plans of the LEP (i54/Darlaston Enterprise Zone) there may be impacts on network capacity in the M5 and M6 corridors. The LEP recognises that transport is key to the success of the Black Country and as such have a list of transport priorities, and in terms of highway network it identifies M6 Junction 8 (i.e. M5 / M6 interchange) and the M5 south and M6 north of the interchange and Active Traffic Management as the key improvements required to improved access to the Black Country.
- 12.2.24 Our opinion is that the congestion issues noted would be a serious concern for RLS developers/occupiers considering a site whose access may be adversely affected. The decision to locate or not would depend on the material impact on costs and business efficiency. Clearly the more serious this becomes the more likely an occupier would look elsewhere, however the reality may be that lack of supply dictates site selection occupiers . Congestion issues are site specific but in broad terms locations away from the congestion hotspots will be more attractive.
- 12.2.25 **Planned road improvements**
- 12.2.26 There are a number of on-going and planned improvements in the West Midlands which aim to increase capacity or reduce demand in the M6 and M5 corridors.
- Managed Motorways – A continuation of the roll-out of Managed Motorways in the West Midlands following the successful trial on the M42 between J3a and 7. Following the recent completion of Phase 2 between M6 Junction 8 and 10A, Phase 3 (between Junctions 5 and 8) is scheduled to open during 2013/14 and the section between Junction 10A and 13 is scheduled for completion during 2014/15. Therefore the M6 through north Birmingham and the Black Country will benefit from improved traffic flows, reduced congestion and improved journey time reliability;
 - M6 Junction 9 – this scheme was recently announced as part of the Highways Agency’s programme to deliver road improvements to boost local economy, reduce congestions and improve safety. The proposed scheme will involve the upgrading of existing traffic signals and to increase capacity, and will support access to nearby retail parks, existing and proposed residential areas and the Darlaston Enterprise Zone. The scheme will be implemented during 2013;

- M5 Junction 2 – also recently announced, and will involve widening the northbound and southbound exit slip roads and capacity improvements at the roundabout. The scheme will be implemented during 2013;
- M54 Junction 2 – this scheme is currently under construction and will give direct access from the M54 Junction 2 into the i54 development area. The scheme will facilitate access to i54 from the SRN without putting additional pressure on the A449 between Junction 2 and Wobaston Road; and
- M54 to M6 / M6 Toll – this scheme is being promoted and although it has been in consideration for many years recent funding cuts mean it does not currently have funding. The scheme would complete the missing link between the M6(N) and the M54, and would remove strategic traffic from the A460 Cannock Road single carriageway link from M54 Junction 1 and M6 Junction 11.

12.3 Freight transport issues and capacity – the Rail Network

The use of rail in freight distribution

- 12.3.1 Individual companies will design their own logistics operation around the type of goods involved, volume, value and frequency needed. Cost will play a major part in the distribution structure needed to meet consistency and quality. The decision of which mode of transport to use, road or rail, will be taken by the shipper or logistics operator based on reliability, convenience and cost.
- 12.3.2 Rail has an increasingly important part to play in the overall delivery operation of domestic goods although it must be stressed that this is mostly linked to bulk inter modal traffic with flows primarily from ports to national distribution centres. Rail is also being used for domestic inter modal traffic flows within the U.K. where volumes make this economically viable. Examples are traffic flows by rail from the Midlands to the North West, Glasgow and North Scotland and to Wales.
- 12.3.3 Rail is competitive for bulk flows of containers over longer distances but is less suited to smaller traffic volumes to regional distribution centres or store deliveries. There are also some rail traffic flows in containers or conventional wagons from Europe to the U.K. via the Channel Tunnel. Inter modal rail freight also needs the close proximity of distribution warehousing to be successful and thus, the concept of Strategic Rail Freight Interchanges (SRFI) have been developed with large multi modal on site warehousing. If there is no rail linked warehousing, traffic by rail will need to be delivered by road from the rail terminal to the distribution facility which adds to costs and makes rail trunk haul a less attractive option.
- 12.3.4 Although recent experience and forecasts of rail freight are encouraging a balanced view of the overall importance of the value of rail freight is necessary by considering its share compared to the movement of freight by road. Appendix F Paragraph 19.3 provides statistical analysis to show how road freight dwarfs rail freight in terms in terms of net tonne kilometres.

Rail Inter Modal Terminals in the West Midlands

- 12.3.5 So far as the West Midlands is concerned, the region presently has a number of rail distribution terminals designed for the use of inter modal based consumer traffic.
- 12.3.6 The important distribution area to the east of the West Midlands, bordering Leicestershire and Northamptonshire is served by rail linked terminals at DIRFT, Hams Hall and Birch Coppice. A further terminal is planned at Corby. There is also a major road only logistics distribution centre at Magna Park on the Leicestershire border just north of Rugby. Some container traffic

from Magna Park is taken by road to DIRFT for onward movement by train. Smaller rail terminals handling containers but without integral warehousing also operate at Landor Street in Birmingham and at Rugby. The Rugby terminal is a limited single customer facility (operated by DB Schenker) receiving one train per day from Ipswich.

- 12.3.7 A further inter modal terminal is at Telford International Railfreight Park (TIRFP) located at Donington to the north of Wellington. The terminal is owned by Telford and Wrekin Council and operation of the terminal has recently been taken over by DB Schenker.
- 12.3.8 Present rail linked inter modal terminals in the West Midlands are therefore mostly located to the East of the regional with the exception of Telford. Whilst delivery from these terminals can largely be effective and economic to East Warwickshire and Birmingham, the Black Country and South Staffordshire is less well served for rail terminal access.

Volume of Freight Train services to Rail Freight Interchanges

- 12.3.9 The number of freight train services operating in and out of a rail freight interchange will be dictated by the market strength, capacity and facilities available at particular rail freight terminals and interchanges. Logistics sites incorporating a rail freight interchange (RFI) with direct or close access to warehousing through an associated intermodal terminal will be more attractive to logistics operators and encourage the growth of rail services from a variety of destinations.
- 12.3.10 Actual numbers of train services to RFIs will be fluid and increase as the market and logistics concentration develops. In development, an SRFI might plan for frequency in the region of 12 trains per day in each direction. However, volumes are dictated by individual operating circumstances, interchange size and anticipated market demand.
- 12.3.11 Interchange train movements will not start at maximum capacity but will grow over a number of years according to market demand. Not all terminals would receive services from all locations and in some cases, where demand is strong, more than one train per day may operate between terminals.
- 12.3.12 Examples of actual and planned capacity for a number of actual and proposed SRFI are:

Table 12.1 - Actual and planned capacity for SRFI at six SRFIs

	Planned Design Maximum	Actual at Present
DIRFT	24	10-12
Hams Hall	35	8-10
Radlett (proposed)	12	-
SIFE (Slough) (proposed)	10	7
Birch Coppice	-	7
Parkside, St. Helens (proposed)	18	-

Rail Freight Capacity in the West Midlands

- 12.3.13 Rail capacity; that is the space to run more trains over the national rail network or even run longer or larger freight trains, is clearly a limited resource and this will have an impact on the ability of rail to accommodate more freight terminals and increased freight traffic. The West Coast Main Line, over which much of the freight traffic to the West Midlands must pass, is one of the busiest railway routes in the country serving key centres of population and commerce.
- 12.3.14 Network Rail and the freight operating companies are well aware of the capacity implications for the WCML and other routes and have addressed these through a number of strategies aimed at meeting future capacity needs
- 12.3.15 The capacity of West Midland rail routes to accommodate freight train services was discussed with Network Rail as part of this study, Over the U.K. and on the West Coast Main Line in particular, the demand for extra freight services is expected to grow in the next few years especially for bulk intermodal traffic both deep sea from ports and for domestic intermodal in the U.K.. Network Rail is currently addressing this nationally, with a number of infrastructure developments. Those which benefit the WCML and the West Midlands include upgrading for freight of the route from Felixstowe to Nuneaton, the Nuneaton chord line allowing direct access to the north without hindering other traffic and gauge clearance for the route from Southampton to the West Midlands.
- 12.3.16 There are no particularly critical issues about capacity for freight trains within the West Midlands and were an extra intermodal terminal for an RLS within South Staffordshire or the Black Country to be established, for example at Four Ashes, Featherstone or other sites suggested, freight services either additional or diverted from other West Midlands terminals could be accommodated. Freight trains from the WCML can be routed either via Coventry, Stechford, Bescot and Bushbury or via Nuneaton, Water Orton, Sutton Park line, Walsall and Bushbury. One freight path per hour is available via Stechford with more via Sutton Park.
- 12.3.17 Capacity for freight trains in the West Midlands is therefore not seen as an issue in considering the implications of a rail linked regional logistics centre for the region.
- 12.3.18 Further future strategic developments for rail services would also have beneficial implications for freight on the WCML and in the West Midlands. The route from Oxford to Milton Keynes (East-West Link) is proposed for re-opening in the latest government rail initiatives. This would allow some intermodal freight services which presently travel via Leamington and Coventry to reach the WCML to be re-routed via Milton Keynes. This would free up capacity in the West Midlands via Coventry and via Solihull. The building of HS2 will also bring freight capacity benefits over the Stechford-Coventry-Rugby route and over the southern end of the West Coast Main Line as some passenger services will be diverted away from the existing WCML to a new high speed link.
- 12.3.19 Overall, Network Rail is aware of discussions and potential proposals for additional rail strategic interchange sites and further rail terminals. Clearly, at this stage, no definitive commitment could be given but no particular concerns about routing or capacity for further intermodal services in the West Midlands were raised. Present and future initiative will ensure West Midlands' rail routes will continue to have sufficient capacity to accommodate anticipated freight services.

12.4 Broad transport impacts of locating an RLS in the Black Country / southern Staffordshire area

- 12.4.1 Broadly speaking the impacts of an RLS can be divided into two:

- Wider area impacts due to the modal shift of goods being transported from the major ports to the West Midlands by rail; and
- Localised impacts between the RLS and the SRN and other main routes for onward delivery.

Wider Area Impacts

12.4.2 An RLS located in the Black Country / South Staffordshire area would predominantly attract container movements to the site from the major ports at Southampton, Felixstowe and Garston (Liverpool). If the RLS did not provide a rail connection all containers would arrive at the site by road. Whilst these road-based HGV trips result in local impacts (see section on Local Area Impacts below), as the majority of these trips currently go to other distribution centre facilities, the freight movements between the ports and the West Midlands would remain unchanged. Future growth would occur regardless of the Black Country / South Staffordshire RLS (as other sites would expand to meet demand) and therefore the number or HGV trips between the ports and the West Midlands would not change.

12.4.3 However, if the site has a rail connection, the routes between the ports and the West Midlands would benefit due to mode shift from road trips to rail trips. In the West Midlands Regional Logistics Study – 2009 Update, produced by MDS Transmodal, it is stated that a typical inland intermodal rail terminal can handle between 6 and 8 trains per day, depending on the equipment used for unloading the trains. The report also states that typically an intermodal freight train with 24 wagons would equate to 36 HGV loads, although it is estimated that due to the make-up of the container loads trains typically run at 75% capacity. Therefore it is estimated that a 24 wagon train would equate to 27 HGV loads based on trains running at 75% capacity.

12.4.4 Table 12.2 below summarises the calculation of the number of containers arriving at a RLS site by rail, which will result in a reduction in road-based HGV trips of nearly 120,000 (two-way).

Table 12.2 - Calculation of the number of containers arriving at a RLS site by rail

Assumed rail trips to RLS per day	6
Assumed number of containers per train	27
Daily number of incoming containers by rail	162
Assumed annual containers incoming by rail (two-way)	118,260

12.4.5 Assuming a mode split for container trips from the ports to the RLS of 80% by road and 20% by rail (typically the mode share for a rail linked distribution centre is 20-25%), if 162 containers arrive by rail per day, it would follow that 810 containers would arrive by road per day. This equates to approximately 475,000 (two-way) HGV trips annually between the ports and the West Midlands. However as stated above these trips will be redistributed trips that currently travel to other distribution facilities and therefore these do not represent new trips to the West Midlands region.

12.4.6 An RLS with rail connection would have wide area highway benefits as a result of the modal shift from HGV to rail. In particular this would result in benefits on the main routes from the

ports to the West Midlands region i.e. the M6, A14, M1 and M40/A34 routes. However the benefits due to mode shift on these routes for an individual RLS site in isolation would be small. The impacts due to the logistics industry as a whole using rail for haulage from ports to regional and national distribution sites will provide a greater overall benefit to the wider area.

Impacts Local to RLS Site

- 12.4.7 Locally to the RLS there will be an increase in traffic for several reasons:
- As mentioned above there will be approximately 810 daily trips due to HGVs transporting containers from the ports to the RLS, and HGVs returning to the port (1,600 two-way);
 - Once the container loads are broken down at the RLS site the loads will need to be transported to an onward destination. Depending on the goods they will be transporting and the end destination the goods will leave the RLS by HGV or LGV, either way in smaller loads than they arrive at the RLS in (exact numbers to be determined as part of the Transport Assessment)
 - Employee trips to / from the site (exact numbers to be determined as part of the Transport Assessment)
- 12.4.8 Therefore an RLS would lead to an increase in vehicle trips in the vicinity of the RLS site. Given the nature of the logistics industry it is anticipated that an RLS would operate around the clock. While this means there are impacts throughout the day and night, it means that the impacts are not concentrated on the congested peak hour periods.
- 12.4.9 From an operational perspective an RLS needs to provide good access to the motorway network. An RLS serving the Black Country would be susceptible to suffering delays due to traffic congestion, even though the impact of the RLS would be spread throughout the day. The key routes which give access to the Black Country from the motorway network in particular suffer severe congestion at peak times and in the case of the M6 around Junction 8, for much of the day.
- 12.4.10 Once a suitable site for an RLS is selected it will be subject to planning approval and will therefore require a detailed assessment of the transport impacts in the local area. A Transport Assessment and Travel Plan will be required by the local authority as part of the planning submission. Additionally, the Highways Agency has an established development control process and is likely to require a detailed assessment of the impacts on SRN. These assessments would identify the impacts and measures to mitigate the impacts.

12.5 Birch Coppice – a Case Study

- 12.5.1 The original approved scheme for the redevelopment of the former Birch Coppice colliery comprised three development phases totalling circa covering 180,000 sq. m. The first phase was the provision of approximately 90,000 sq. m. for international vehicle importer, IM Group. It was anticipated that the remainder of the site would be developed for mixed employment. In total the floor area of development on the site covered by the three phases of development was assumed to be approximately.
- 12.5.2 IM Group decided not to locate at Birch Coppice and the whole site has been developed in response to market demand. On account of its strong strategic location, interest has mainly been for distribution uses. In Phase One the first occupier was a distribution warehouse operated by TNT (now CEVA) where parts for VW cars were brought into the country by train from Germany before being sent by lorry to dealers. The rail freight terminal followed later when a planning application was submitted to extend the area of the business park to

incorporate a bonded warehouse to be used by Majestic Wine and an open access rail freight terminal. The bonded warehouse was not constructed and Gazeley developed the warehousing separately. The rail freight container terminal was developed separately and was christened the Birmingham Intermodal Freight Terminal (BIFT).

12.5.3 BIFT is operated by Roadways Containers Logistics (RCL). Features of the site include:

- 14 hectare terminal with capacity to hold 3,000 containers; open 24 hours per day, seven days per week;
- BIFT is capable of receiving W10 gauge (9'6" High Cube) containers from the UK ports of Felixstowe and Tilbury;
- receives trains daily from the UK ports of Felixstowe, Southampton, Tilbury and Thamesport; and
- Utilises state of the art equipment to lift up to 25 containers per hour.

12.5.4 The terminal was opened in 2006 at which time it did no business with the existing users of the site. In its first full year of operation it handled 26,000 rail containers. In 2011 80,000 rail containers passed through the terminal and in that year all logistics companies located on the business park made use of this facility with the exception of CEVA which has its own direct rail link. There are now typically five trains per day.

12.5.5 Despite the poor performance of the national economy over the last few years the number of containers passing through BIFT grew by 43% in 2010 and 21% in 2011.

12.5.6 In 2010 IM Properties secured consent for an expansion of approximately two million sq. ft. The traffic assessment that was submitted with the application assumed that the expansion area would be occupied by traditional warehouse operators.

12.5.7 Ocado committed to the site after the consent was granted and its operations in its 53,400 sq. m. building will create significantly more employment than traditional warehousing. Using recognised employment density figures⁵⁸ a typical workforce would be 670 (1 job per 80 sq m). Ocado is, however, expecting to employ in excess of 2,000 on the site with consequent implications on traffic movements. Ocado is planning to offset some of the impact through the timing of shifts and bringing in some employees by minibus. Another consequence of the high level of employment is that a larger area of the site has been dedicated to parking and as there will be a lower overall level of floor area on Phase 2.

12.6 Relationship between scale of RLS facility and rail/road vehicle movements

12.6.1 There is clearly a relationship between the number of vehicle movements and the size of logistics sites but there is no direct correlation which might be measured.

12.6.2 Road vehicle movements will be long distance HGVs delivering goods to warehouses and distribution centres on site, together with loaded vehicles re-distributing goods and empty vehicle movements to and from site premises. There may also be smaller goods vehicles involved in local deliveries. In addition there will be vehicles involved in support activities for site tenants and employees arriving and leaving the site. The volume of vehicle movements

⁵⁸ Employment Densities Guide 2nd Edition 2010 – OffPAT and HCA

will be dictated by the extent of occupancy of the site and the type of business and activity involved.

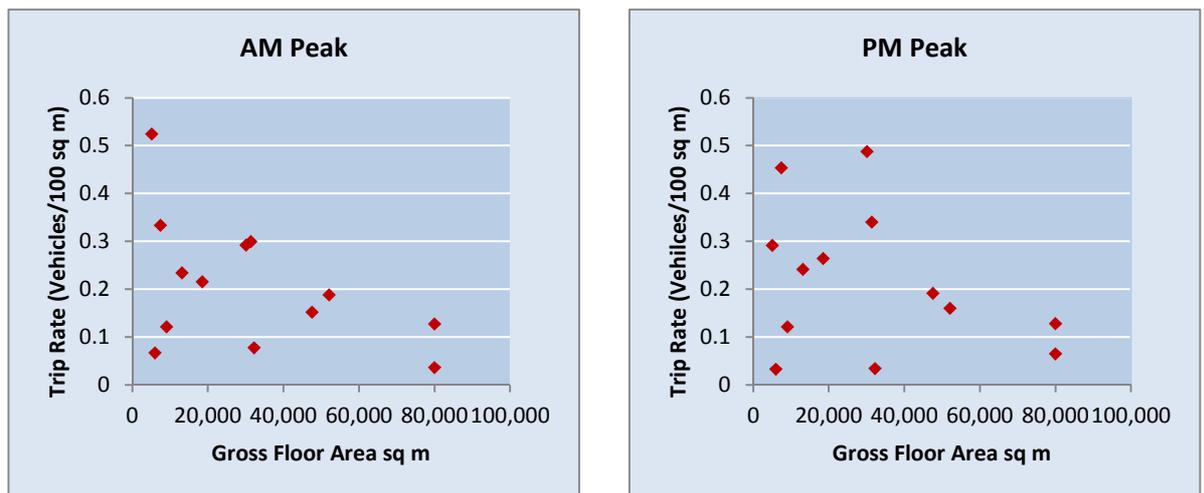
12.6.3 A key factor in the attractiveness of a site is the scope for expansion. Smaller sites, however attractive their location, will appeal less to prospective tenants if there is limited capacity to enlarge premises as businesses grow and develop. This might suggest larger logistics sites are likely to attract larger scale operations and hence generate a greater volume of vehicle movements. However, economies of scale and efficiencies in operation can reduce vehicle movements depending on the type of business and the scope for operating cost reduction.

12.6.4 When considering the relationship between the number of vehicles entering and leaving an RLS it needs to be borne in mind that a RLS is in fact a collection of a number of warehouses all with their own individual characteristics. As a generalisation the trip generation rate for warehouses during the peak periods on the surrounding area reduces as the size increase. The two graphs set out below in Figure 11.3 have been produced from data in the TRICs database.

12.6.5 The floor area of the sites ranges from 387 sq. m. to 80,066 sq. m. and the data was collected between July 1990 and October 2011. It is usual when using the database to calculate predicted trip rates to filter the sites in order to obtain data from sites with similar characteristics. For the purpose of examining general trip rates for warehouses that might be included in a RLS the following filters have been applied:

- Gross Floor Area > 5,000 sq. m.;
- Sites in England only; and
- Data has been collected from 2000 onwards.

Figure 11.3 TRICs Distribution of Warehouse Trip Rates by Floor Area, England 2000 onwards



12.6.6 The trip rates are very scattered but there does appear to be a general reduction as floor area gets larger. This would tend to be confirmed by the information that URS has obtained from surveys of larger warehouse sites that are independent of the database including Birch Coplice, Magna Park, Peterborough and Magna Park, Lutterworth.

- 12.6.7 The TRICS database includes distribution centres for parcels as a separate category of warehouse. Peak hour trip rates for parcel firms are substantially higher than for a standard distribution warehouse. In the morning peak it is more than three times and in the evening peak more than five times. However the range of sites and the locations in TRICS means that the scale of the increase is probably statistically unsound. However, based on our direct experience, the general assumption that this type of use has a greater level of trip generation, particularly in the evening peak, is probably correct.
- 12.6.8 Another activity that is becoming more common is the customer fulfilment centre. These relate to on-line shopping businesses such as Amazon and Ocado. The Amazon site that has recently opened in Hemel Hempstead has typically 1,600 people working in a building that has a gross floor area of 44,021 sq. m. increasing to 2,400 in the run up to Christmas. This produces an employee density of 27.5 sq. m./person for most of the year increasing to 18.3 sq. m./person before Christmas. This greater level of employment will result in heavy traffic flows at the beginning and end of shifts.
- 12.6.9 The relationship between the scale of an RLS and the amount of vehicle movements will be more influenced by the average size of the individual units and their use rather than the overall size of the RLS.
- 12.6.10 Rail movements will again be dictated by the size and type of premises and customers attracted to a site. Rail freight services are not run speculatively but in response to freight shipper demand or individual customer contracts. Freight train services are not necessarily linked to the size of the site, but, the larger the site, the greater the potential take-up of premises and hence a probable increase in rail demand. Maximum train length is dictated by route considerations but proposed terminals are normally designed for a maximum length of 750m which is the designed specification freight train length on the network. Most trains run at present do not approach that length, so there is some scope for greater freight volumes per train. Nevertheless, requirements are again dictated by market demand and train lengths will not only be decided by the availability of resources and overall route constraints but principally by customer demand to logistics centres.
- 12.6.11 The inclusion of a railfreight terminal at an RLS should result in an overall reduction in heavy goods vehicle movements. If a terminal accepts containers from operators that are not based on the RLS then there will be an increase in heavy goods vehicle movements in the vicinity of the site, but this would be balanced by an overall reduction in the overall kilometres travelled.
- 12.6.12 Road and rail vehicle movements are therefore not pro-rata or proportional to the size of terminals, however there is clearly a relationship linked to site demand and the attractiveness of competing locations. The link and generator of vehicle movements, both road and rail, is related to the number of occupied premises, their size, market and the extent of business activity rather than logistics site size.
- 12.7 Analysis of potential impacts from a RLS using Four Ashes as a proxy**
- Proposals for the Four Ashes SRFI proposal have been subjected to TRICS analysis to provide an indication of the likely trip generation that might be expected at a similar sized RLS. It is stressed that this is only undertaken to provide an indication and the scheme's actual traffic generation could only be determined through a full Transport Assessment.
 - A floor space schedule was provided by Kilbride in Sept 2009 for Four Ashes. This showed 22 units which provided 5.9 M sq. ft (548,000 sq m) warehousing and 279,000 sq. ft (25,920 sq m) office space (as part of the warehouse).

- Assuming 100% occupation the predicted traffic flows in the morning peak (08:00 to 09:00) were 1,014 and the predicted traffic flows in the evening peak (17:00 to 18:00) were 1,091.

Potential Mitigation Measures

12.7.1 As part of the Transport Assessment process, mitigation measures will be considered in light of the type, location and severity of impacts identified. Potentially mitigation measures might include:

- Junction capacity improvements on the local road network between the site access and the SRN;
- Travel Plan and sustainable travel initiatives for employees if they are arriving / departing during peak hours;
- Scheduling shifts so shift changes do not coincide with peak hours on the local road network;
- Avoiding use of Traffic Sensitive Routes identified in the Network Management Plan;
- Measures to strengthen bridge structures between the RLS and the SRN to withstand the increased HGV loadings; and
- Mitigation measures on the SRN (potentially required but subject to Transport Assessment and traffic modelling).

Dealing with uncertain future levels of trip generation when determining a planning application

12.7.2 The different use of warehouses can create a dilemma with regard to trip rates that should be used when assessing the potential traffic impact of a proposed distribution park/RLS. Historically the predominant use has been based on three shifts and employee densities in the order of 50 to 80 sq. m. per employee. This type of use has a relatively low impact on the surrounding highway network since the shift changes typically occur at 06:00, 14:00, and 22:00 with the result that the main movement of employee traffic occurs outside the standard commuter peaks. There is usually some employee activity during the commuter peak which is associated with the office use that is normal within a traditional warehouse.

12.7.3 Based on recent market activity, particularly in internet sourced food retailing, as a RLS increases in size (offering flexible large plots/buildings) and attractiveness, it is considered there is a greater likelihood that an element of floor space will be occupied by one or more operators that will use some of the space for uses such as parcel distribution or a customer fulfilment centre which have significantly higher trip rates during the commuter peaks. However at the time that outline consent is being sought it is unlikely that the mix of uses within the general classification of warehouse will be known.

12.7.4 There are ways to potentially deal with traffic impact of a RLS that could include these higher traffic-generating distribution uses. The first would be for the promoter of a site to provide a transport assessment in which the prediction of the impact is based on trip rates collected historically for the traditional use of distribution warehouses and to establish the access requirements and the extent of off-site highway works that would be associated with the standard generation. To this could be added a sensitivity test to establish what further works might be needed to cater for a certain percentage of the floor area being taken up by the higher trip rate type of activity. This would establish whether it was feasible to provide works

that provided mitigation for the increased impact and would also allow consideration of whether these associated costs made the inclusion of those uses financially viable.

- 12.7.5 If it had been shown that there was a need for additional works, either through the provision of increased capacity at the site access and/or off-site the promoter could submit a further transport assessment as part of a reserved matters application for the higher generating units that set out the specific trip generation of the non-traditional use and any highway works could be incorporated into the consent.
- 12.7.6 The alternative would be to assume a percentage of the overall floor area that might be used by non-traditional uses. An overall package of highway works, both access and off-site, could be agreed with a possible phasing programme established against the completion of different levels of floor area. A potential solution could include placing a limit on the area that could be used for the non-traditional uses. The advantage to the promoter of the first approach would be that if the additional works would only be required if they were needed. Undertaking off-site highway works that were not ultimately required could be considered to be unsustainable. A disadvantage could be that if some other development in the area was consented and required highway improvements that then left no opportunity for any further capacity enhancements, the promoter would no longer be able to introduce non-traditional use warehouses onto the site. If permission had been granted on the basis of the traditional use, other sites would only have to consider that level of traffic when undertaking a cumulative analysis. If the original assessment had included an allowance for non-traditional uses that would be incorporated into the cumulative assessment and the additional capacity requirement would have been 'protected'.

For large distribution sites, development may take place over a long period. Over that time it may be that other uses for warehouses are developed that generate even greater levels of traffic. The limitation on development to traditional warehouse use without a further transport assessment provides protection against the introduction on the site of warehouses that generate much more traffic than was envisaged, which would result in congestion on the local highway network for which there is no recourse for mitigation from the promoter.

13. CONCLUSIONS

13.1 Introduction

- 13.1.1 The study aims to provide the client group with independent planning, economic development and property market advice in relation to the continuing economic need for a RLS in the study area, to inform and guide existing and emerging Local Plans.
- 13.1.2 The first stage has been to review and update the evidence of the need for a Regional Logistics Site (RLS) to serve the Black Country and southern Staffordshire, as established by the Phase 2 Partial Revision of the West Midlands Regional Spatial Strategy (RSS2) and its associated background studies.

13.2 Benefits and impacts

- 13.2.1 We estimate that an RLS would create approximately 6,810 net jobs based on a medium job density scenario (including induced and indirect employment) for the residents of the study area. Alongside this it would create approximately 6,926 construction jobs, lever £648 Million private sector investment and £116.2 million GVA⁵⁹ for the sub-regional economy by 2026.
- 13.2.2 Regeneration outputs are highly positive and regeneration outcomes are also likely to be beneficial. This is with the exception of likely adverse local environmental impact and risks to ongoing regeneration programmes in the Black Country Zone through diversion of investment in warehouse development in relation to medium strategic warehouse and small strategic warehouse. In relation to potential diversion of investment in the Black Country Zone the planning system is unlikely to be able to practically minimise such impact.
- 13.2.3 A RLS facility is likely to provide a range of skilled, semi-skilled and low skilled job opportunities but 47% of jobs could be in process, plant, machine and elementary occupations using figures from Skills for Logistics.
- 13.2.4 A RLS facility would have some highway benefits as a result of the modal shift from HGV to rail, in particular on the main routes from the ports to the West Midlands region i.e. the M6, A14, M1 and M40/A34 routes.
- 13.2.5 Locally to the RLS there will be an increase in traffic. Using the Four Ashes scheme which is proposing circa 6 million sq. ft (557,400 sq. m) as an indicator the predicted traffic flows from a similar sized RLS could exceed 1,000 both in the morning and in the evening peaks.

13.3 Demand, supply and spatial provision

- 13.3.1 The Midlands continues to remain one of the most strategic and efficient locations in the country for major distribution occupiers and developers remain active, although are frustrated by suitable land supply and the time to secure planning consent.
- 13.3.2 Appendix C demonstrates that there is a limited supply of development ready logistics sites to serve the Midlands over the medium and longer term and the West Midlands in particular in the short, medium and long term. The expansion of Birch Coppice demonstrates that there is a continuing demand across the West Midlands for sites with good road access with rail potential for large scale distribution use.

⁵⁹ GVA: Gross Value Added, GVA is the value of goods and services produced by an area, sector or producer minus the cost of the raw materials and other inputs used to produce them.

- 13.3.3 The implications for the mis-match between supply and demand particularly in the West Midlands market will be:
- an inability to attract investment and new jobs in the large scale B8 sector; and
 - an inability to compete with other regions including the East Midlands.
- 13.3.4 The balance of DIRFT II and proposed expansion of DIRFT III will provide 212.2 hectares and should be factored into a consideration of need to serve the Midlands.
- 13.3.5 This is not to say, however, that a new RLS development in the West Midlands would not fare well in attracting occupiers. Indeed on the contrary such a development would likely be an attractive venture, providing significant economic benefits and capturing pent up demand in a market which suffers from a lack of supply on new B8 space.
- 13.3.6 The policy and evidence trail shows a changeable and inconsistent picture in relation to policy direction concerning location of potential supply.
- 13.3.7 The 2005 study and the Panel Report found that there were several potential locations for RLS provision including Black Country and southern Staffordshire. Whilst the methodology behind the 2005 Regional Logistics Study and the 2009 Update is not at question, only a range was provided and no sequencing or prioritisation was recommended in relation to the four best RLS locations, one of which was Black Country/southern Staffordshire.
- 13.3.8 Policy PA9 of RSS for the West Midlands 2008 did not specify scale of future provision but suggested consideration and priority be given to bringing forward previously developed land in North Staffordshire and Telford.
- 13.3.9 West Midlands Regional Logistics Study updated in May 2009 informed proposed Policy PA9. This set a priority *to bring forward additional land taking account of the following in priority order:*
- *The scope for the realistic extension of existing RLS in the region and DIRFT...., recognising the proximity of Hams Hall and Birch Coppice and the need to avoid an over-concentration of RLS development within the same broad location; and*
 - *The potential for new rail-served facilities to serve (a) the needs of the Black Country located in southern Staffordshire and (b) to serve the North Staffordshire conurbation*
- 13.3.10 In addition the Panel Report into RSS 2 considered that other locations may be appropriate including North Staffordshire. RLS provision has consistently been considered at a regional level and it is considered that the most appropriate way forward in planning terms is by reviewing suitable locations using the same spatial approach.
- 13.3.11 Based on our market assessment we conclude that there is a need for a RLS facility that can serve the Black Country and southern Staffordshire, but only insofar as they form part of the West Midlands which taken as a region has a need. In essence in logistics market and in economic terms it is impractical to separate the needs of the Black Country from those of the wider West Midlands.
- 13.3.12 Given that the defining characteristic and primary purpose of a RLS is to provide warehousing of a large strategic nature and that these would typically serve a regional market (i.e. the west midlands as a minimum increasing to serve the entire Midlands and beyond in the case of a NDC), then a specific location within the Midlands would not usually be a pre-requisite search

criteria. The research in this report shows that the nature and scale of logistics supply chains for major retailers mean that the market would not generally consider the Black Country in isolation in determining their regional and national supply chains and distribution networks.

- 13.3.13 In spatial terms it is true to say that the north Midlands has less current RLS provision than the east of the conurbation and given high population density in the Black Country it is our opinion that a RLS site located in southern Staffordshire, assuming that it remains the case that a viable site could not be found in the Black Country, would be an attractive proposition to developers and occupiers. This is reaffirmed by two developer proposals emerging in South Staffordshire DC's area.
- 13.3.14 Our findings suggest that identifying Black Country and southern Staffordshire alone is a spurious boundary for an area of search. Previous studies looked at RLS provision in relation to the West Midlands and considering southern Staffordshire in isolation fails to appreciate to what extent other areas in the West Midlands including north Staffordshire could meet need.
- 13.3.15 In a sense a restricted search area serves to put undue pressure on southern Staffordshire to meet regional need without considering what part other locations in both West and East Midlands could play in contributing to the quantum and phasing of land supply as RLS.
- 13.3.16 The review of the logistics sector, logistics operators, B8 property market and factors/influences that drive operational needs and preferred locations suggests that:
- 1. Demand from the larger operators is generally capable of being satisfied from any location in the Midlands subject to good road/rail access and labour force provision and subject to operators' individual logistics strategies;
 - 2. Given 1. above, assessment of need and supply should be undertaken as a minimum on a regional West Midlands basis and preferably on a cross Midlands wide basis incorporating the East Midlands

A key finding of this study is therefore that RLS development does not need to be located in southern Staffordshire because it is a regional facility serving a regional catchment.

13.4 How much RLS land is required?

- 13.4.1 The policy and evidence trail also shows a changeable picture of need and scale of potential supply.
- 13.4.2 West Midlands Regional Logistics Study updated in May 2009 informed proposed Policy PA9 Phase Two Review of the RSS which recommended land supply of at least 150 hectares for RLS. This set a priority *to bring forward additional land taking account of the following in priority order:*
- *The scope for the realistic extension of existing RLS in the region and DIRFT...., subject to local environmental and other constraints and recognising the proximity of Hams Hall and Birch Coppice and the need to avoid an over-concentration of RLS development within the same broad location; and*
 - *The potential The potential for new rail-served facilities to serve (a) the needs of the Black Country located in southern Staffordshire and (b) to serve the North Staffordshire conurbation*
- 13.4.3 The Panel Report of the Phase 2 Partial Revision published in September 2009 recommended that "at least 200-250 ha" RLS land should be provided for. The Panel Report recommended

(R5.14) that provision should utilise the full potential for the expansion of the existing RLS at Hams Hall, Birch Coppice and Hortonwood.

13.4.4 Our conclusion is that the previously derived figure from the Regional Logistics Study Update 2009 of 200 to 250 hectares holds good, for the following reasons:

- The figure was derived from the well-respected GB Freight model and robust property market assessment;
- In the period since 2009 there has been an economic recession, however, looking forward there is evidence of strong employment growth up to 2026 across the West Midlands⁶⁰ and the region remains highly competitive in relation to logistics;
- There has been no new RLS land brought forward other than expansion of Birch Coppice. Hortonwood, Telford is unlikely to play a meaningful role in meeting forecast demand because of location; and
- Although there are several large scale B8 sites e.g. DIRFT, Coventry & Warwickshire Gateway, Basford which are in the pipeline the logistics property market review finds an overall mis-match between demand and supply particularly in the West Midlands.

13.4.5 Previous research seemed to favour RLS provision at a number of locations. In practical terms based on our research there is no reason why provision could not be made, subject to planning approval, on two sites or even one large site.

13.5 Criteria for geographical location and site selection for RLS development

13.5.1 Previously derived criteria from RSS policy and supporting Regional Logistics technical studies provide a basis to which further criteria from more recent SRFI and planning policy are added. This results in the following definition and criteria for optimum location and site selection.

13.5.2 A Regional Logistics location is defined as a broad sub regional area within the Midlands, the purpose of which will be to provide a concentrated development of warehousing and distribution uses capable of meeting market demand.

13.5.3 Suitable locations must be appropriate and relative to the markets they serve, which will largely focus on major urban centres, or groups of centres, with links to key supply chain routes. Suitable sites which must be located within suitable locations **should**:

- Provide existing or potential for dedicated access to the regional highway and rail networks;
- Be in excess of 60 hectares in accordance with DfT SRFI Policy Guidance November 2011;
- Have a suitable configuration which allows large scale high bay warehousing, intermodal terminal facilities, appropriate railway wagon reception facilities and secure parking facilities for all goods vehicles;

⁶⁰ Sources: Office for Budget Responsibility, ONS, and URS Calculations

- Be capable of handling over 4 full length goods trans per day and should be located on a rail route with a gauge capability of at least W8 or capable of enhancement to W8 and above and should not conflict with rail aspirations on the regional network;
- Possess good quality public transport links or be capable of providing these;
- Have easy access to sufficient labour supply and developments at suitable sites should expect to provide education and training opportunities and be located in proximity to areas suffering from multiple deprivation;
- Aim to minimise environmental impact;
- Where selection leads to sites located in the Green Belt, there will be a need to meet the very special circumstances test to justify inappropriate development. Very special circumstances will not exist unless the harm by reason of inappropriateness, and any other harm, is clearly and demonstrably outweighed by other considerations, particularly the economic and regeneration benefits;
- Be located away from incompatible neighbours allowing 24 hour operations and no restrictions on vehicle movements; and
- May include manufacturing and processing activities but these should ancillary in scale to the primary use for distribution of goods.

- 13.5.4 There is a risk that the strict application of all of the above criteria may result in no sites coming forward meaning that best intended planning policies may be incapable of being met. In the event of this occurring selection should consider locations and sites which best meet the criteria. Location and site selection should address at an early stage the aim of minimising environmental impact by considering the likely scale of impact and potential for mitigation.
- 13.5.5 The SRFI guidance 2011 concluded that it was for the (logistics and development) industry to identify potential SRFI sites to meet commercial logistics requirements, and to take forward development proposals.
- 13.5.6 The process of site selection will involve considerable work in validating to what extent sites meet the criteria and are likely to require industry/developer input. The site selection process would also require careful handling to ensure that industry involvement had no vested interest in promoting particular sites. This issue could potentially be dealt with by involving an overarching organisation representing the freight industry such as the Freight Transport Association⁶¹ and the property development industry such as the British Property Federation.
- 13.5.7 The prospects of successfully carrying out a study at this level of scrutiny which identified potential sites and which was supported by all Midlands planning authorities and the logistics and development industry may be inherently limited.

⁶¹ The Freight Transport Association (FTA) is one of the UK's largest trade associations and represents the transport interests of companies moving goods by road, rail, sea and air.

13.6 Recommendations

- 13.6.1 It is recommended that Stage II of the study proceeds but that the area of search is widened to include the rest of the West Midlands and having regard to demand and supply in the East Midlands. This approach would benefit from co-operation from other Midlands authorities not currently within the steering group. Engaging with Local Enterprise Partnerships could be a helpful way of engaging on a wider spatial scale and with the private sector, particularly in light of Government plans for LEPs to develop strategic growth plans for their areas and a single funding pot to drive private sector investment and growth.
- 13.6.2 It is recommended that that the brief extends to potential sequencing of provision in the widened study area based on the criteria developed.
- 13.6.3 The rationale for these recommendations is:
- This would provide greater policy clarity and certainty for the West Midlands as a whole and fulfil the duty to co-operate incumbent on local planning authorities as set out in NPPF. The recommended approach would deliver an evidence base from which local planning authorities could develop policies and avoid the uncertainties surrounding the application of decision taking and presumption in favour of sustainable development set out in paragraph 14NPPF; and.
 - A key benefit in pursuing Stage II in this way would be to anticipate and manage development pressures from developers, particularly in relation to the emerging proposals in South Staffordshire.

14. APPENDIX A - SUMMARY OF LOCAL POLICY AND EVIDENCE

14.1 Black Country

14.1.1 A summary is presented in the main report.

14.2 Cannock Chase District Council

14.2.1 Cannock Chase Draft Local Plan (2012)

14.2.2 The Cannock Chase Local Plan has been published for consultation, to reflect changes in planning legislation and policy and local evidence updates. The target date for adoption is autumn 2012. The Local Plan acknowledges the ongoing importance of the distribution and logistics sector and that a Regional Logistics Site will be a cross boundary development.

14.2.3 In producing the Core Strategy Local Plan, Cannock Chase Council drew on the following relevant (local) evidence base:

- *Cannock Chase Employment Land Availability Assessment (Draft) (July 2012)* – This study updates previous assessment work (Employment Land Study Stage 1 and 2, 2009). The assessment identifies that there is currently around 52ha of ‘available’ B class employment land across the District. In terms of distribution, there is approximately 42ha available at Cannock, Hednesford and Heath Hayes; 7ha at Rugeley and Brereton; and just under 3ha at Norton Canes. The land available is also relatively flexible in its potential use with the majority (around 43ha) identified as appropriate for a range of B1/B2/B8 uses.
- *Existing Employment Areas Study (February 2011)* - An assessment of the District’s existing employment areas undertaken to complement other employment-land related evidence base studies and provide greater detail on existing sites. The study identifies that the inter-modal site at Cannock is highly rated given its potential for rail freight provision which could contribute positively to the operations of businesses within the District overall. However, this site is unlikely to provide actual employment accommodation to meet priority market segments for the borough.
- *Cannock Chase Strategic Economic Development Support (2007)* - Study examining potential future employment sectors.

14.3 Lichfield District Council

14.3.1 Lichfield District Local Plan Proposed Submission (July 2012)

14.3.2 The Lichfield District Local Plan proposed submission document (Core Strategy) is currently out for consultation (commenced 30th July 2012) with final submission expected in late autumn 2012.

14.3.3 Lichfield City benefits from excellent links both in terms of road, rail and bus networks. This should assist in attracting new businesses to locate and existing businesses to expand, including opportunities for redevelopment and modernisation of existing employment sites.

14.3.4 In producing the Core Strategy Local Plan, Lichfield Council drew on the following relevant (local) evidence base:

- *Fradley Emerging Spatial Strategy Report (May 2012)* - presents the strategies for Fradley and its land supply. It identifies Fradley Park as having an oversupply of land for warehousing and logistics.
- *A Strategy for the A5 (2011-2026)* - produced by the A5 Transport Liaison Group in conjunction with the Highways Agency and neighbouring local councils in February 2012, the Strategy outlines the importance of the A5 road in meeting travel demand and supporting the local economy. In order to boost the economy, the road will need to be maintained and improved, especially if there was to be a RLS in the surrounding area. There is an acknowledgement that improvements will need to be linked to the proposed expansion at the Birch Coppice RLS.
- *Lichfield District Council Employment Land Review (February 2012)* - In summary, across all four scenarios presented within the ELR, there is an overall surplus of employment land ranging from circa 123 ha under the 'Past Trends' scenario to over 153 ha under both the 'Baseline' and 'Policy Scenario 1'. This includes a surplus of land for warehousing of between 36 and 67 ha. Having regard to the supply of committed sites only, there is an over supply for distribution of over 24ha; and a total employment land potential oversupply of around 150ha. This excludes sites that have been removed from the future employment land portfolio which amount to a further 46.12ha. With regard to B8 warehouse use, the committed supply is theoretically capable of accommodating all projected demand in this sector to 2028.
- The ELR identifies that there has been pressure from some quarters for *Fradley Park* to be allocated as a RLS, which has been heightened by the progression of this study. As the site does not have rail connectivity it was the ELR author's view that this site should not be considered as a RLS.
- The review updates an earlier ELR undertaken in 2007.
- *General Employment Land - A Market Assessment (Nov 2008)* - an assessment of the suitability of existing employment estates and the supply of general employment land allocations from a market viewpoint.

14.4 North Warwickshire Borough Council - (outside the study area, but of relevance given the location of Hams Hall and Birch Coppice within its jurisdiction)

14.4.1 Draft Pre-Submission Core Strategy (June 2012)

14.4.2 The employment section of the Draft Core Strategy notes that historically, North Warwickshire has had a number of large brownfield sites that have been redeveloped and this led to an over supply of employment land in relation to the Warwickshire Structure Plan 1996-2011. Two of the largest sites were Hams Hall and Birch Coppice, which were seen as regional logistic sites.

14.4.3 Originally the Regional Spatial Strategy excluded both Hams Hall and Birch Coppice from the local employment land requirement because they were seen to deal with regional rather than local needs. In order to deal with the transition period between the regional figures and moving towards local employment targets outstanding permissions from these two sites will not immediately be added into the employment land figure for the borough, as this will distort the picture of local requirements.

14.4.4 Another legacy from the Regional Spatial Strategy is a further 20 hectares specifically allocated for logistics use. However a number of circumstances have changed since the RSS,

Birch Coppice Phase 2 is under construction and Hams Hall has not come forward – a former power station site in the Green Belt. In addition, MIRA Technology Park, an Enterprise Zone, south along the A5, will be coming on stream within the next year or so. With the development of this site this changes the local market and opportunities for different employment growth to help to diversify the local market. The Borough Council is keen to exploit these opportunities and so will allocate the 20 hectares of land originally earmarked purely for logistics use to high density uses on land outside of the Green Belt (B1, B2 and B8).

14.4.5 Delivery of appropriate employment uses and redevelopment within existing employment sites should reflect “*the need to broaden the employment base and improve employment choice and opportunity*”.

14.4.6 In producing the Local Plan, North Warwickshire Borough Council drew on the following relevant (local) evidence base:

- *Employment Policy Options and Updated Economic Land Availability Requirements as at October 2011*. This report notes ongoing sectoral trends, and that to 2026, employment will increase in the transport and communications and construction sectors (partly reflecting the concentration and expansion of Regional Logistics sites within the NWBC area).
- The Borough needs to diversify the range of employment available in order to encourage a more robust economic base which is more resilient to change, and which will raise aspirations locally as well as encouraging wider investor confidence in the area. The borough should continue to provide warehouse space, but the size of premises required is for 999ft² and under (for both industrial and warehouse premises).
- In view of the proposed abolition of the Regional Spatial Strategy and the recent expansions to the RLS at Birch Coppice, it is not expected that North Warwickshire should need to accommodate further RLS expansion over the Core Strategy Plan period up to 2026.
- This work updates earlier studies, including an Industrial Market Assessment Report 2007, Labour Market Profile for North Warwickshire (2011) and Warwickshire Economic Update June 2007

14.5 South Staffordshire District Council

14.5.1 South Staffordshire Council Core Strategy (2011)

14.5.2 The examination into the South Staffordshire Core Strategy commenced in November 2011. Following the hearing, the Council prepared two further schedules of Proposed Modifications to the Core Strategy, which were consulted on in February and June 2012.

14.5.3 The further proposed modifications (June 2012) make reference to inclusion of text in the Core Strategy Local Plan which recognises that the “*RLS issue remains outstanding*” and that a comprehensive study should be undertaken. In this respect the study will “*update the evidence base prepared in support of the RSS Phase 2 Revision with respect to the understanding as to how the identified need for large scale logistics activity to serve the needs of the area can best be met.*”

14.5.4 The modifications request that the comprehensive study explore ‘alternative approaches’ to a RLS, such as a ‘Hub and Spoke’ approach, that could limit environmental impact, including loss of Green Belt; and that the study should consider technical issues associated with rail connection and network capacity (both road and rail).

- 14.5.5 Further, the modifications signal that should the study identify a need for a RLS to be delivered within the District, this will trigger a Partial Review of the Core Strategy.
- 14.5.6 In producing the Local Plan, North Warwickshire Borough Council drew on the following relevant (local) evidence base:
- *South Staffordshire Employment Land Study (February 2009)* - The study found there was a clear division within the District between those areas in the north, essentially along the M54 and M6/A449 Road/Rail Corridors where the demand was robust and dominated by B8 uses, compared with the less well connected areas in the rural south and north-west of the District, which demonstrated more locally driven small scale demand. There was a lack of available supply on 'good' or 'best' sites in the southern part of the district.
 - The interest for promotion was primarily in the M6, A449 and M54 triangle and the market analysis identified B8 as the preferred use class. The study highlighted a need to consider provision of a RLS in southern Staffordshire to meet the demands of the Black Country. The M6 and the M54 were considered to be the key transport links for this use; however no site was identified.
 - The total land that could be termed developable was 327 ha. This figure included sites allocated for regional purposes however (i54, Wobaston Road and Hilton Cross Business Park) and suggested sites that conflict with existing policy, i.e. fall within the Green Belt. The development of the i54 site was identified as key to achieving economic vibrancy, although it was currently allocated for B1 and B2 use. It could be used for B8 however.
 - Forecast demand for B8 is 31 ha and the maximum supply is 14.13 ha. Further allocations of land were therefore required. It was believed the 20 ha of B8 development permitted at Four Ashes, currently in active B2 use, would make a contribution to the longer term demand for B8 land.
 - There was a suggested B8 employment site at Hilton Park, J11, M6, with a developable area of 94.44 ha on 'best' quality land. The site is within the Green Belt and the land is free-standing (greenfield). This site was considered to be of an attractive scale and location for B8 use, however it has no potential to be rail linked.
 - This study is currently being updated.

14.6 Stafford Borough Council

- 14.6.1 The Plan for Stafford Borough Draft Publication (September and October 2011)
- 14.6.2 Stafford Borough Council ended its consultation on the Draft Plan for the Borough in October 2011. As a result of regional and national policy changes, a Strategic Policy Choices document was drafted in May 2012, and consultation on this document closed in July 2012. The finalised Plan from Stafford Borough is expected to be adopted in autumn 2012.
- 14.6.3 The Draft Plan acknowledges that the efficient movement of freight is vital for the economy of the Borough.
- 14.6.4 In producing the Core Strategy Local Plan, Stafford Borough Council drew on the following relevant (local) evidence base:

- *Stafford Borough Council Employment Land Review (2010)* - The ELR assessed the potential for employment sites to accommodate specialised freight terminals (e.g. aggregates, road, rail, wharves and air). No sites were judged to be suitable for this use.
- The majority of the employment land stock in Stafford Borough (78.4 ha) is classified as being suitable for a mixture of uses (B1/B2/B8 use). Less than 1ha is currently identified solely for B8 use.
- Over the period 2006 to 2026, new employment land requirements in Stafford Borough are likely to be at the very minimum circa 16ha, and as a maximum, circa 172 ha. The lower end of the estimates fall some way short of the development vision of Stafford Borough Council, which is to develop on average around 8ha of employment land annually between 2006 and 2026. If Stafford Borough continues to develop its employment land along the lines of recent years, with a significant focus on development in the distribution and warehousing sector, it is likely that new sites for employment land will need to be identified, above and beyond the portfolio of land currently identified.
- At the other end of the development scale, if Stafford Borough's future employment development pipeline follows the lines of that forecast by the labour supply projections, the existing portfolio of land could quite possibly accommodate expected levels of growth.
- The ELR noted that the overall trends are for a continued movement of employment from manufacturing to more service orientated activity, which includes logistics. Although this is a form of employment that is not actively sought by the borough, market trends dictate that it will continue to grow as more and more manufacturing, particularly low value, moves to lower cost locations, resulting in the need for a UK distribution facility to distribute goods manufactured overseas. The trend for larger logistics facilities was considered to be on hold in the short term, but that the underlying demand trend was likely to continue towards 2021. Furthermore, the importance of "regional" logistics facilities, which would be smaller in nature, (9,280m²) is likely to grow. The question was considered as to whether Stafford was seen as a "regional" distribution location or a "national" location and it was considered that the answer probably was a little of both.

14.7 Tamworth Borough Council

- 14.7.1 Tamworth Borough Council Local Plan 2006-2028 Pre Submission (June 2012)
- 14.7.2 The Tamworth Local Plan, currently in the pre-submission consultation stage (from July 2012), is due to be examined and adopted by spring 2013. Although there are no specific RLS policies, it recognises Birch Coppice as a cross boundary development which has recently been extended.
- 14.7.3 In producing the Local Plan, Tamworth Borough Council drew on the following relevant (local) evidence base:
- *Tamworth Borough Council Employment Land Review (January 2012)* Indicative figure for long term employment land demand in the borough is 37ha, based on previous build rates, including significant targeted investment in storage and distribution. Although this requires significant land provision which could be limited within the Borough, it does reflect Tamworth's central location and proximity to the motorway network, further reflected by continued growth in logistics at Birch Coppice and Fradley and therefore a potential growth sector in the future. Overall Tamworth has sufficient capacity to meet the minimum

requirement of 36 hectares however there is a reliance on Greenfield sites to meet this requirement.

- The ELR updates earlier work undertaken in 2009.

15. APPENDIX B: SRFI AS NATIONALLY SIGNIFICANT INFRASTRUCTURE PROJECTS

- 15.1.1 As defined in Section 26 of the Planning Act 2008 a SRFI qualifies as a NSIP if it is:
- located in England and part of the railway network in England;
 - at least 60 hectares in area;
 - capable of handling consignments of goods from more than one consignor and to more than one consignee, and at least 4 goods trains per day;
 - The rail freight interchange must include warehouses to which goods can be delivered from the railway network in England either directly or by means of another form of transport; and
 - Not part of a military establishment.
- 15.1.2 For any developments which meet these requirements (or which would result in extensions such that the criteria above would be met), the application will be dealt with through the process prescribed by the Planning Act 2008 for Nationally Significant Infrastructure Projects. CLG has published guidance for Local Authorities on their role in this process (Planning Act 2008 - Guidance for local authorities (March 2010)). Briefly, the role of local authorities in the NSIP development consent process includes:
- consulting with promoters on Statements of Community Consultation (where a proposed development will fall within the local authority area);
 - responding to the promoter's pre-application consultation;
 - reporting to the Planning Inspectorate on pre-application Consultation;
 - preparation of agreements under section 106 of the Town and Country Planning Act 1990;
 - preparation of 'local impact reports' and making representations to the IPC on a proposed NSIP;
 - approval of matters subsequent to a NSIP being granted development consent, such as detailed designs or schemes to mitigate adverse impacts; and
 - monitoring and enforcement.
- 15.1.3 There are six key stages to the NSIP consent process (as set out in the Planning Act 2008 and amended by the Localism Act 2011) as follows:
- Pre-application - The process begins when the Planning Inspectorate is informed by a developer that they intend to submit an application to us in the future. Before submitting an application, the developer is required to carry out extensive consultation on their proposals. The length of time taken to prepare and consult on the project will vary depending upon its scale and complexity.
 - Acceptance – (28 days) this stage begins when the developer submits a formal application for development consent to the Planning Inspectorate. The Planning Inspectorate has 28 days (after date of receipt) to consider whether or not the application meets the standards required to be formally accepted for examination.

- Pre-examination – (3 months) – provides time for representations, preliminary meeting.
- Examination - (6 months). The Planning Inspectorate has six months to carry out the public examination.
- Planning Inspectorate recommendation / Secretary of State's decision (six months) – the Planning Inspectorate must report with recommendations to the relevant Secretary of State within 3 months of the six month examination period. The Secretary of State then has a further 3 months to make the decision.
- Post decision – (6 weeks) Once a decision has been issued by the Secretary of State, there is a six week period for Judicial Review challenge.

16. APPENDIX C: THE MIDLANDS - B8 UNITS LET SINCE 2010; CURRENTLY AVAILABLE B8 UNITS; PIPELINE B8 SITES

Scheme Name	Developer/Owner	Size (Sq Ft)/ (acres)	Availability	Quoting Rent (per sq ft)	Specification/Comments
NEW SPECULATIVE					
Eagle, Fradley Park, Lichfield	F&C Reit	104, 014	Immediately	£5.25	<ul style="list-style-type: none"> ▪ New speculative unit ▪ 12 m eaves ▪ 4 level access doors ▪ 8 dock level doors ▪ 50 m yard ▪ 99 car parking spaces
The Hub, Witton	Prupim	120, 000	Immediately	£5.95	<ul style="list-style-type: none"> ▪ 12 m eaves ▪ 10 dock level doors ▪ 2 level access doors ▪ 50 m service yard
Kingswood Lakeside, Business Park, Cannock, M6 Toll	LPA Receiver	127, 000	Immediately	£5.50	<ul style="list-style-type: none"> ▪ 12 m eaves ▪ 2 level access doors ▪ 11 dock level loading doors ▪ Secure yard
		140, 000	Immediately	£4.95	<ul style="list-style-type: none"> ▪ 12 m eaves ▪ 2 level access doors

Measham 42, Repton Road, Westminster Industrial Estate, Measham	Prupim				<ul style="list-style-type: none"> ▪ 12 dock level doors ▪ 50 m service yard ▪ 24 lorry parking spaces
Max Park, Unit 1 & 2, Corby NN18 8EY	Perland Properties Ltd	425,000	Immediately	£4.50	<ul style="list-style-type: none"> ▪ 12 m eaves ▪ 32 dock loading doors ▪ 4 level access doors ▪ 50 m depth service yards ▪ 50 kN floor loading ▪ Security fence
First Point, Burton on Trent	Goodman	213, 240	Immediately	£5.25	<ul style="list-style-type: none"> ▪ 12 m eaves ▪ 20 Loading Door(s) ▪ 269 Car Parking Spaces ▪ Yard
The Duke, Wellington Road, Burton	Westbrook	300, 000	Immediately	£4.95	<ul style="list-style-type: none"> ▪ 12 m eaves ▪ 4 level access doors ▪ 24 dock level doors ▪ 50 m yard depth
G Park Blue Planet, Chatterley Valley	Gazeley	387, 762	Immediately	£4.95	<ul style="list-style-type: none"> ▪ 15m eaves ▪ 2 level access doors ▪ 38 docks ▪ Not cross docked
Crackerjack, Mitchell Road, Corby	Greatline and L&G	528, 000	Immediately	£4.75	<ul style="list-style-type: none"> ▪ Speculative unit ▪ 15 m eaves ▪ 4 level access doors ▪ 50 dock level doors ▪ 40 m & 65 m service yards ▪ May consider splitting
Kingswood 127, Kingswood Lakeside		127,538	N/A	N/A	N/A

Business Park					
The Core, Langham Park		167,274	N/A	N/A	N/A
Langley 255, Enterprise Way, Langley Mill		255,680	N/A	N/A	N/A
Citadel Logistics Centre, Darlaston					
Arrow G. Park, Claylands Avenue.	Gazeley	330,186	N/A	N/A	N/A
SECOND HAND EXISTING BUILDINGS					
Mercury 111, Northampton	Anglesea / Eurohypo	111, 485	Immediately	£4.95	<ul style="list-style-type: none"> ▪ 9 m eaves ▪ 12 dock level doors ▪ Two floors of mezzanine each of 70,000 sq ft. ▪ Heated / lit / sprinklered ▪ Fully fitted garment hanging system throughout.
Paragon, First Avenue, Milton Keynes	Volume Land	139, 000	Immediately	£4.75	<ul style="list-style-type: none"> ▪ 12 m eaves ▪ 2 level access doors ▪ 10 dock level doors ▪ 26 lorry parking spaces
Altitude, Deykin Avenue, Witton, Birmingham	Schroders	148, 816	Immediately	£5.50	<ul style="list-style-type: none"> ▪ 16 m eaves ▪ Dock and level access loading ▪ 50 m service yard ▪ 50 kN floor loading

Unit 3 Apex Park, Daventry	Prologis	152, 000	Immediately	£4.75	<ul style="list-style-type: none"> ▪ Former 99p Stores warehouse ▪ 12 m eaves ▪ 2 level access doors ▪ 13 dock level doors
Netto Warehouse, Parsons Road, Daventry	Prologis	157, 806	Immediately	£5.00	<ul style="list-style-type: none"> ▪ 12 m to eaves ▪ 3 level access doors ▪ 27 dock level doors ▪ Part racked / warehouse lighting / chilled and frozen section
MK 180, Delaware Drive, Milton Keynes	River Island	186, 000	Immediately	£4.50	<ul style="list-style-type: none"> ▪ 8 m eaves ▪ 10 level access loading doors ▪ 10 dock level doors ▪ Fully sprinklered.
Radial Point, Stoke	LSI	187, 000	Immediately	£4.75	<ul style="list-style-type: none"> ▪ 12 m eaves ▪ 3 level access doors ▪ 17 dock level doors ▪ Heating / Lighting / Sprinklers
Caswell Road, Brackmills Industrial Estate, Northampton	Former Tesco unit	189, 604	Immediately	£5.50	<ul style="list-style-type: none"> ▪ 11.5 m eaves ▪ 23 loading doors ▪ Fully fitted with heating, lighting and sprinklers.
		211, 635	Immediately	£5.25	<ul style="list-style-type: none"> ▪ 12 m eaves ▪ 24 loading bays

Former Gist Unit, Swift Valley Park, Rugby	Prupim				<ul style="list-style-type: none"> ▪ 26 dock loading bays ▪ 2 secure yards ▪ 275 car parking spaces ▪ Fully fitted (heating / lighting / sprinklers)
DC1 MK, Clark Road, Milton Keynes	Private Individual	204, 251	Immediately	£5.00	<ul style="list-style-type: none"> ▪ 12 m eaves ▪ Level access loading ▪ 19 dock level doors ▪ Secure yard
Wincanton Holdings Ltd, Apex Park, Daventry	Prologis	222, 355	Immediately	£5.25	<ul style="list-style-type: none"> ▪ 12 m eaves ▪ 20 loading doors ▪ Secure yard ▪ Unit understood to be coming back to the market.
Valley Central, Cosford Lane, Swift Valley Park, Rugby	The Co-Operative	334, 172	Immediately	£5.25	<ul style="list-style-type: none"> ▪ 30 dock level loading docks with addition ground level loading. ▪ Wide aisle racking ▪ Sprinklered, heated and lit
Tamworth 594, Bitterscote, Tamworth	LSI	594, 444	Immediately	£5.25	<ul style="list-style-type: none"> ▪ 10.4 m eaves ▪ 4 level access doors ▪ 63 dock level doors ▪ 50kN floor loading ▪ Secure service yard
Eurohub, Corby		150,000	N/A	N/A	N/A
Berry Hill 121 Berry Hill Industrial Estate, Droitwich		121,123	N/A	N/A	N/A

Spa					
North Road, Loughborough		202,819	N/A	N/A	N/A
6/8 Gambrel Road, Westgate Interchange		120,695	N/A	N/A	N/A
Brackmills 200, Brackmills Industrial Estate		189,604	N/A	N/A	N/A
Blenheim 208, Blenheim Industrial Estate, Bulwell		215,341	N/A	N/A	N/A
Belkin Express Business Park, Rushden		109,618	N/A	N/A	N/A
Stone Distribution Centre, Stone Business Park		114,299	N/A	N/A	N/A
Granite Stone Business Park		210,861	N/A	N/A	N/A
Unit 1 Centurion Park, Tamworth		119,262	N/A	N/A	N/A

Emperor Point, Centurion Park, Tamworth		179,221	N/A	N/A	N/A
Tamworth 594, Tamworth		594,000	N/A	N/A	N/A
DC North, Coventry		260,914	N/A	N/A	N/A
Unit B, Royal Oak Distribution Centre, Daventry		275,867	N/A	N/A	N/A
Unit A1, Swift Park, Rugby		114,473	N/A	N/A	N/A
SITES					
Birch Coppice, Tamworth, B78 1SG	IM Properties	21.56 acres 2.35 M sq ft (phase 2 remainder plots + Phase 3)	D&B opportunity	£5.50	<ul style="list-style-type: none"> ▪ Planning consent submitted for an additional 1 million ft². Largest single unit would be 700,000 ft².
ProLogis Park, Ryton, Coventry, CV8 3EJ	Prologis	65 acres 1.2 million sq ft	D&B opportunity	£5.95	<ul style="list-style-type: none"> ▪ Understood to be chasing larger pre-lets ▪ 1.2 million sq ft max ▪ D&B opportunity ▪ Single building of 935,000 sq ft consented ▪ Close to signing Peugeot for 300k pre-let

Magna Park, Phase III, Lutterworth, B78 1SG	Gazeley	100 acres 1M sq ft	D&B opportunity	£5.50	<ul style="list-style-type: none"> 100 acre site currently going through planning.
Opus Blueprint, J9 M6	Opus Land/ St Francis	22 acres (475,000 sq ft)	D&B opportunity		<ul style="list-style-type: none"> Rail link available through Bescot (DB Schenker)
DIRFT, Daventry, J18/M1	Prologis	9.1 million sq ft on 212.2 ha (Includes phase 3 and balance of phase 2)	D&B opportunity	£5.50	<ul style="list-style-type: none"> Phase III can accommodate 7.7 million sq ft on 182.2 ha (450 acres) subject to planning Phase II plots of 30 ha left can accommodate 1.4 million sq ft Sainsbury's confirmed to take 1 M sq ft
G Park Crick, Crick, NN6 7TZ	Gazeley	76 acres 1.1 million sq ft	D&B opportunity	£5.95	<ul style="list-style-type: none"> Butchers Pet Food taking a 260,000 sq ft design and build. Outline planning consent for a remaining 1.1 million sq ft.
EMDC, Castle Donington DE74 2HA	Clowes Developments	65 acres 1.1 million	D&B opportunity	£5.75	<ul style="list-style-type: none"> Design and Build opportunity able to accommodate a single unit of 600,000 – 700,000 sq ft. 900,000 sq ft pre let agreed with Marks and Spencer.

RD Park Hinckley Phase II, Hinckley, CV10 7SA	Goodman	45 acres 850,000 sq ft	D&B opportunity	£5.50	<ul style="list-style-type: none"> ▪ Outline planning expected by the end of this year. ▪ Infrastructure in place
Lord Daventry Site, Nuneaton	Graftongate	55 acres (750,000 sq ft)	D&B opportunity	£5.50	<ul style="list-style-type: none"> ▪ Planning process slow but could be bought forward with an occupier.
G Park Ashby, Ashby de la Zouch LE65 1JF	Gazeley / UK Coal	86 acres 850,000 sq ft	D&B opportunity	£5.25	<ul style="list-style-type: none"> ▪ Design and Build opportunities for B1, B2 and B8. ▪ Largest single unit of 850,000 sq ft ▪ Site is rail connected
Markham Vale, J29A/M1	Henry Boot	955,000 195 acres	D&B opportunity	£4.75	<ul style="list-style-type: none"> ▪ Can accommodate a single unit of up to 700,000 sq ft and have recently obtained planning for a 570,000 sq ft unit known as "Green Giant".
Derby Commercial Park, Derby, DE21 7BH	Goodman	165 acres 2 million sq ft	D&B opportunity	£5.25	<ul style="list-style-type: none"> ▪ Focusing on large units (with some trade park). Infrastructure has been put into the site.
Warth Park, Raunds, NN9 6EQ	Roxhill	80 acres 1.23 million sq ft	D&B opportunity	£4.75	<ul style="list-style-type: none"> ▪ Have planning permission.

ISLIP, Thrapston, A14, NN14 3JW	Mulberry Developments	60 acres (assumed) 1,000,000	D&B opportunity	£4.50	<ul style="list-style-type: none"> Design and Build opportunity offering up to 1,000,000 sq ft in 6 units Existing car storage site
CIRFT, Corby, NN18 8AG	Roxhill / L&G	70 acres 860,000sq ft	D&B	£4.75	<ul style="list-style-type: none"> Have planning for unit of 860,000 CIRFT adjacent
Rugby Gateway, J1 / M6, CV23 0UY	TBC	60 acres (assumed) 1 million	D&B	TBC	<ul style="list-style-type: none"> Planning expected shortly
Logix Park, Hinckley, LE10 3BQ	Goodman	115 acres 700,000 sq ft	D&B	£5.75	<ul style="list-style-type: none"> This is the phase II land Has planning and strong interest in remainder of the site
Eastwood, Nottingham, J26 / M1	IM	51 acres (assumed) 850,000 sq ft	D&B	£4.75	<ul style="list-style-type: none"> Has planning Infrastructure works required and proposed for 2012
		45 acres	D&B	£4.75	<ul style="list-style-type: none"> Has planning Site on the market

ProLogis Park, Mansfield, J28 / M1 NG18 5BR	ProLogis	917,824 sq ft			
Corby Eurohub, Corby, Northamptonshire, NN18 8EY	Prologis	230 acres 2.5 M sq ft million	D&B opportunity	£5.25	<ul style="list-style-type: none"> Design and Build opportunities for B1, B2 and B8 Requires significant infrastructure works. Deliverability uncertain.
Vertical Park, Bevercotes, Nottinghamshire DN22 8DQ	Gladman	200 acres 2.7 Million	D&B opportunity		<ul style="list-style-type: none"> Planning consent for up to 2.7 million sq ft Can accommodate a single unit of up to 2 million sq ft
Vernon Park, J1/ 54, WV10 7HP		6 acres - 120,000 sq ft			
Bericote, Four Ashes, WV10 7BT		52 acres 904,000 sq ft			
IMI Darlaston, WS2 9RX		12.35 acres 215,000 sq ft			

Land adj to Opus 9/Blueprint, J9 / M6, WS10 9RD⁶²		30 acres 400, 000 sq ft			
Sovereign Park, Brinsford, WV10 7PN⁶³		16 acres 700,000 sq ft			Planning consent awaited
Coventry & Warwickshire Gateway, Coventry Airport, CV3 4BP⁶⁴		168 acres (based on pro rata apportionment of 300 acre developable site) 2,580,000 sq ft			Planning awaited. Application states that the site generally meets RLS criteria and regional need, although the site does not fully fit the RLS definition as it is has no potential for a rail link.

62 Subject to planning permission

63 Planning application submitted September 2012

64 Planning application submitted September 2012

17. APPENDIX D - LETTER FROM HIGHWAYS AGENCY

18. APPENDIX E - CONSULTATIONS WITH STAKEHOLDERS**18.1 Consultation with Local Authority Officers**

18.1.1 The following summary captures the key issues noted in conversations with planning policy officers from local authorities in the study area.

Cannock Chase District Council

18.1.2 The Mid-Cannock Rail Disposal site was mentioned in the RSS review as a potential hub and spoke model. The site is about 8 ha and has planning permission for a road/rail container operation, including three full length rail sidings. The site is in exclusive ownership of Pentalver, a subsidiary company of the Maersk Group and has full custom clearance (inland port status). Pentalver have been talking to logistics operators as far away as Tamworth, i.e. within a 20 mile radius of the site; and have commissioned a study looking at the feasibility of reconnecting the site to rail, which will cost approximately £9 million (£6 million for onsite connections (Pentalver) and £3 million for platform clearance and bridge improvements (Network Rail)).

18.1.3 On the 16th July the Walsall -Cannock Chase line was approved for electrification, to be undertaken in the delivery period 2014 - 2019. This may take care of some of the infrastructure issues which need to be addressed through this scheme.

18.1.4 Electrification of the Walsall - Cannock Chase line is a transport priority for the borough, as the A5, in immediate vicinity of the Mid-Cannock site (a two mile section), is now an AQMA and HGV emissions are the biggest source of pollution. Anything that gets HGVs off the road is good for Cannock Chase.

18.1.5 The other site that was mentioned in the RSS review is the Rugeley Power Station site. This site is operated by an existing rail freight operator – coal, oil and limestone come into the site, and gypsum goes out. A planning application has been received for flue gas de-sulphurisation, and consultation is ongoing with respect to possible conversion to co-fired biomass, which would rely on imported biomass from Bristol. This is a good quality rail siding that could serve other operators. Amazon has a distribution site opposite the power station.

18.1.6 If both these sites come forward, this will meet demand in the borough for rail freight. It could also assist to serve South Staffordshire and also possibly further afield – i.e. the Black Country. However Mid Cannock couldn't act as a full blown RLS, as it can provide temporary vertical storage, but not parallel warehousing.

18.1.7 From recent conversations which Cannock Chase have had with developers, the response to the two models is mixed - the Kilbride group (promoters of Four Ashes) don't consider the Hub and Spoke model to be viable, while Pentalver obviously are exploring 'Hub and Spoke' options for the Mid Cannock site.

Lichfield District Council

18.1.8 Lichfield has three major employment locations, of which Fradley Park is the largest site, and one which has seen a predominance of B8 development. However Fradley Park was never envisaged as being a site for purely distribution uses and the Council is actively encouraging a more balanced mix of uses on the park, more in line with local residents needs. Permission was granted very recently for 750 homes, and the Local Plan provides for more land to be released for housing, along with a flexible allocation for offices and manufacturing (10 ha).

- 18.1.9 There is considered to be a saturation of logistics in the borough now, although this is all at one place (i.e. Fradley Park). It is likely that Lichfield will continue to see applications for logistics, but not to same degree as previously, and the Council is looking to adopt a more balanced employment offer in the future, including more office and manufacturing.
- 18.1.10 Locating an RLS in Tamworth/Lichfield would be more likely to serve the needs of Birmingham than those of the Shire Districts, as the links with the Black Country are not as strong as links with Birmingham and Warwickshire; in terms of transport corridors, migration and travel to work patterns. These movements are mostly north-south, with Birmingham and East Staffordshire.
- 18.1.11 Another observation was that while Birch Coppice was a very successful site, Fradley, although smaller, was still a significant development. Anecdotal evidence suggested to this officer that having a rail-linked site was not a key factor, because this hasn't restricted Fradley from coming forward. Access to the A38 transport corridor was seen as key to the success of this site.
- North Warwickshire Borough Council (Note: not in study area)*
- 18.1.12 Birch Coppice and Hams Hall together play a significant role in the movement of freight at a strategic level and provide substantial benefits.
- 18.1.13 Hams Hall is described as the Midlands premier intermodal facility and is owned by ABP. It is located just 8 miles from the centre of Birmingham in the heart of the Midlands.
- 18.1.14 Train services into ABP Hams Hall connect with the ports of Southampton, Felixstowe and Ipswich plus, via the Channel Tunnel, Novara in Italy and domestic intermodal services to Mossend – Glasgow. Hams Hall currently handles over 100,000 sea freight containers (170,000 TEU) per annum by rail. In close proximity to the terminal is Hams Hall Distribution Park on a 430 acres (1.7 km²) site. In 2011 the site housed clients including E.ON, Sainsbury's, BMW (engine manufacturing plant), DHL, ABB Group, Chubb, EXEL and Wincanton. Approximately 20 ha remain undeveloped. Located in the green belt it is expected that this land will be used for energy purposes.
- 18.1.15 The Birch Coppice site is 400 acres and comprises Birmingham Intermodal Freight Terminal. TNT Logistics, Severn Trent Services, CEVA Logistics and UPS are located at the site.
- 18.1.16 Ocado is employing more than 2,000 people from the North Warwickshire and Tamworth areas to work at a £210 million distribution facility which is due to open in early 2013. The site area is 18 hectares and the development is 575,000 sq ft and will provide 2,200 jobs. The development provides a high job density scheme. An application has been submitted for a third phase of 13 hectares/33,000 sq m at Birch Coppice. Key issues raised as to the need for the development:
- The proposed High Speed Rail Link - occupiers affected will need to relocate with a lead in period required
 - In the last two years Birch Coppice has been the subject of six enquiries each of the order of one million square feet – only 2 plots remain currently at the site.
 - In the medium term the East Midlands will add approximate 16,350,000 sq ft of Rail served Logistics sites (Ashby de la Zouch, EMDC, Gateway East Midlands and DIRFT Phase 3)
- 18.1.17 Planning uses for Birch Coppice also allow for B1 and B2 development which allows for a mix of employment uses to respond to market needs.

Sandwell Metropolitan Borough Council

- 18.1.18 Sandwell has no large sites or warehouses, only small scale facilities. There is one rail served site in the borough, and one potential site (Bescot). (There is also a mothballed siding on Union Road, which has potential for take-up for distribution in the future). Bescot has not proved to be viable in the past, although this could change, as it is located in the strategic gap identified by Centro in relation to access to rail freight facilities. However Bescot is not of sufficient scale to serve as an RLS, and is constrained by the presence of housing on one side and another area of potential housing on the other. If an employment generating use came forward on this site the Council would try to accommodate it, but the site is too small to be a 'Hub' and in wrong place to be a 'Spoke'.
- 18.1.19 There is an assumption that Hams Hall serves the borough, and possibly DIRFT as well, but there is no specific evidence of this.
- 18.1.20 Sandwell is well located in relation to the road network, but this network is congested and busy – the Council would therefore welcome rail related development that took traffic off the roads. There are some postal logistics and distribution centres in the borough, for example Bird's Group and Keltruck). Sandwell considers the strategic gap identified by Centro (in the northern area of the Black Country, but outside the boundary of Sandwell) in relation to access to rail freight facilities, is reducing opportunity (in terms of economic potential), but they don't know the level of restraint.
- 18.1.21 Sandwell would encourage local provision of logistics, as it considers the employment profile to be similar to manufacturing.

South Staffordshire District Council

- 18.1.22 South Staffordshire strongly advocates exploration of the viability of the 'Hub and Spoke' model, effectively a traditional intermodal facility. They feel this option may assist to address the space constraints in the Black Country. For example, there may be a role for Bescot, or other locations may be able to make enhanced provision for rail freight – such as the mid-Cannock Rail Disposal site. The Telford intermodal site is underutilised and has recently had a cash injection. South Staffordshire would like to explore whether enhancement of all these facilities could provide a network of rail terminal hubs sufficient to promote economic growth but at the same time protect erosion of the Green Belt.
- 18.1.23 South Staffordshire's concerns regarding a RLS relate to the scale of development and its impact on the Green Belt, local residents' amenities and traffic. South Staffordshire considers that the economic advantages of an RLS are outweighed by the environmental effects described.

Stafford Borough Council

- 18.1.24 Stafford Borough does not contain any RLS comparable sites, although there are a number of major employment sites, including Prime Point 14 on Junction 14 of the M6, which is now mostly built out for warehousing/distribution, Redhill - which is not yet allocated, but which has a live application for 20 ha mixed B2/B8, and Beacon Business Park, which is a mixed employment site with a 30/30/30 split (B1/B2/B8). Other important sites across the boundary include the G. Park, Rugeley (promoted by Gazeley), and B8 land on the Cannock Chase/Lichfield boundary, which may also provide for the district's distribution needs. The focus in the borough is on B2/B1 provision in the future, to encourage graduate retention and the growth of small and medium enterprises. Logistics is not seen as providing enough jobs, or an appropriate job density. The other priority is housing delivery, significant new housing is

needed to serve both local needs and in-migration, and the Council is committed to significant new housing, supported by appropriate employment.

- 18.1.25 A site in Stafford would be unlikely to meet the needs of the Black Country, as it is too far away. A site in Stafford would be more likely to serve north Staffordshire, for example the Stoke-on-Trent conurbation, due to proximity to Junction 15 of the M6.

Tamworth BC

- 18.1.26 Our consultations found that the nearby RLS site at Birch Coppice has been successful and has dominated the market in terms of large scale B8 land. The authority believes it has a reasonable supply of employment land including land and premises at Bitterscote, south of the A5 and close to the M42.

- 18.1.27 In recent years there has been very little new employment land brought forward. The authority considers that Birch Coppice has meant that traditional employment sites have been overlooked although it supports the development as it provides for local jobs. The authority has found no displacement issues affecting existing businesses given the scale and national nature of occupiers.

Walsall Council

- 18.1.28 Walsall enjoys a central location close to the M6/M5 and is favoured for a certain amount of logistics activity. The UK distribution headquarters for TK Maxx (6.4ha) is located in Walsall; and Poundland and Blakemores (who own Spar) both operate their distribution activity from a number of sites in the borough, because they don't have a single site large enough. While Walsall has some logistics development, it doesn't have as much as might be expected, because it doesn't have the size of sites that might be conducive to large developments. Most of the larger sites have poor ground conditions and require remediation.

- 18.1.29 Displacement and loss of regeneration opportunity is a significant concern for Walsall, therefore the 'need' case must be established first and foremost.

- 18.1.30 Walsall's labour market has a high proportion of skilled/ unskilled manual workers, and there is persistently high unemployment. Logistics employment would suit this labour force. In principle, while the Borough wouldn't turn away logistics, it is considered a land hungry sector, and not considered to have a high job density compared with manufacturing.

- 18.1.31 As Walsall is seeking as much investment as possible, while it would prioritise B2 over B8, it would cautiously encourage B8, subject to having the right sites. However in Walsall it is a supply issue, not a demand issue, as mentioned above, Walsall doesn't have room in the built up area, or enough good quality, unconstrained sites – (as confirmed by the ELR 2012 undertaken by Roger Tym & Partners).

- 18.1.32 Congestion of the highway network is a particular issue across the Black Country. The Black Country JCS seeks gradual movement of industry towards the strategic highway network, freeing up the less suitable industrial sites for housing. The development industry don't like the costs associated with the M6 Toll road and logistics companies have tended to locate towards the M6/Black Country route instead. Industry and logistics tends to get round these problems by timing operations to avoid congestion, although there are night working has nuisance issues if the site is near housing.

- 18.1.33 The main detraction of logistics development is seen to be its relatively low job density and potential amenity effects. However some logistics operators in the borough do work in areas

with residential access and there doesn't seem to be a particular problem, which proves this is not always the case (for example Robert Wiseman Dairies and Nightfreight).

- 18.1.34 With respect to the 'Hub and Spoke' model, the key question was whether it would work, both in terms of economic efficiency and amenity impacts. In relation to the Bescot sidings, it was questioned whether this would be realistic in terms of what the market wanted. The site is considered to be constrained an urban area, and HGVs might have to travel through residential areas to access it unless a new access could be constructed. There could also be significant opposition from the nearby residential community. The site was put forward in 1990s as a potential Channel Tunnel freight terminal, which met with major opposition from residents.
- 18.1.35 The advantages of a site outside the Black Country, is that HGV movements will be concentrated on motorways rather than smaller roads.
- 18.1.36 There is not much scope in any other parts of the borough to be part of a 'Hub and Spoke' model, as passenger rail services are very frequent. In addition, private sidings are not presently safeguarded for rail-related use as this can undermine site viability, and could clutter up the rail network with more freight trains.
- 18.1.37 The perception was that there is an unmet need for a RLS, but that this will need to be provided outside the main Black Country conurbation, next to a rail line with capacity to take freight. The 'Hub and Spoke' model is not the most efficient way of organising an RLS, as there is a need for a critical mass, which makes one intermodal terminal supported by warehousing the most efficient model. The potential side effect of this is displacement.

Wolverhampton City Council

- 18.1.38 Wolverhampton City Council considers that there is both a need and demand for a RLS to serve the needs of the Black Country, and that provision of an RLS to this effect is a priority. Although it may not be a stated aspiration of existing businesses in the local authority area, it is considered that if such a site were provided, such businesses could capitalise on the opportunities it provided. For example, it may complement activity on the new Jaguar site at i54.
- 18.1.39 Such a site would have potential to attract significant investment, which would be beneficial from an economic development and regeneration perspective, and which would improve the high quality employment offer of the sub-region, which might otherwise be lost. The opinion seems to be that it is an opportunity that shouldn't be neglected.
- 18.1.40 With respect to the Telford site, there is a sustainability argument that this site is not sufficiently close to the conurbation. Wolverhampton would favour the single site model, and consider there is a lack of sites of sufficient size to act as 'Spokes' to a 'Hub' in the area. Wolverhampton has no sites over 5ha, and most sites are of poor quality and highly contaminated. For similar reasons, there is no site of sufficient size to act as a RLS.
- 18.1.41 Alongside promotion of a RLS, Wolverhampton's aspirations are to reduce their stock of local, poorer quality employment land. Some of this land will be released for housing to meet the housing growth needs of South Staffordshire, Birmingham and Wolverhampton.

Stoke and Staffordshire LEP

- 18.1.42 The LEP stated that the evidence base assembled and contained within the West Midlands Regional Assembly website was considered to be the policy position in respect of RLS

provision. The LEP itself had not undertaken any further specific work in relation to RLS. Thus far RLS provision had not emerged as an issue/priority.

18.1.43 The LEP had focuses its efforts on business support and on major infrastructure projects such as M6/M6 toll/M54 link, WCML capacity and upgrading of the Rugeley to Walsall line. The LEP recognised the value of a RLS which would create significant number of jobs which would be available and suitable for Staffordshire residents.

18.1.44 The LEP was not in a position at this stage to identify any particular business or sector which had made their interest known in operating from a RLS.

South Staffordshire Partnership (SSP)

18.1.45 The Southern Staffordshire Partnership is an alliance of the public, private and voluntary organisations in Lichfield, Cannock Chase, Tamworth, East Staffordshire, South Staffordshire and Stafford districts.

18.1.46 It is an economic regeneration partnership comprising:

- The District and Borough Councils of Cannock Chase, East Staffordshire, Lichfield, South Staffordshire and Tamworth
- Staffordshire County Council, Staffordshire University
- Burton College, South Staffordshire College
- Birmingham Chamber Group
- Business Enterprise Support Ltd
- Local Business

18.1.47 The Partnership exists, amongst other reasons, to:

- deliver an agreed Southern Staffordshire Economic strategy focused on our own interdependencies and those with the conurbation
- facilitate a strategic approach by partners with those bodies tasked with delivering economic development and growth in the area – through:
 - leading the southern Staffordshire representation in the LEPs that cover southern Staffordshire, combining resources to ensure our voice is heard, and ensuring where appropriate there are complementarities between the 2 LEPs
 - identifying and developing the opportunities emerging from working with partners in the conurbation such as Marketing Birmingham, Finance Birmingham and the City Council
 - maintaining strong working relationships with Staffordshire County Council, with Birmingham City Council, and with the Black Country Consortium
 - engaging with other key bodies such as the HCA, RSLs, BIS, CLG, and Network Rail

18.1.48 SSP recognises the strong economic relationship between southern Staffordshire and the Black Country and strongly support initiatives such as i-54. It is currently involved in a study

which is exploring the potential and readiness of the A5 corridor to respond to opportunities in relation to i-54 such as JLRs supply chain. It also recognises the need to balance economic development against the existing assets which characterise the area including the Green Belt and rural economy.

- 18.1.49 New investment and jobs as a result of a RLS would be welcome with the caveat that this should not be any cost in relation to impact. SSP would seek closer engagement with the Black Country authorities and Black Country LEP in relation to skills and local employment initiatives in the event that a RLS was located in southern Staffordshire.

Network Rail

- 18.1.50 The implications over capacity of West Midland rail routes to accommodate freight train services was discussed. Over the UK and on the West Coast Main Line the demand for extra freight services is expected to grow in the next few years especially for bulk intermodal traffic both deep sea from ports and for domestic intermodal in the UK. Network rail is currently addressing this nationally, with a number of infrastructure developments. Those which benefit the WCML and the West Midlands include upgrading of the route from Felixstowe to Nuneaton, the Nuneaton chord line allowing direct access to the north without hindering other traffic and gauge clearance for the route from Southampton to the West Midlands.
- 18.1.51 According to Network Rail there are no particularly critical issues about capacity for freight trains within the West Midlands and were an extra intermodal terminal on a RLS within South Staffordshire or the Black Country to be established, for example at Four Ashes, Featherstone or other sites suggested, freight services either additional or diverted from other West Midlands terminals could be accommodated. Freight trains from the WCML can be routed either via Coventry, Stechford, Bescot and Bushbury or via Nuneaton, Water Orton, Sutton Park line, Walsall and Bushbury. One freight path per hour is available via Stechford with more via Sutton Park.
- 18.1.52 Capacity for freight trains in the West Midlands is therefore not seen as an issue in considering the implications of a rail linked regional logistics centre for the region.
- 18.1.53 According to Network Rail further future strategic developments for rail services would also have beneficial implications for freight on the WCML and in the West Midlands. The route from Oxford to Milton Keynes (East-West Link) is proposed for re-opening in the latest government rail initiatives. This would allow some intermodal freight services which presently travel via Leamington and Coventry to reach the WCML to be re-routed via Milton Keynes. This would free up capacity in the West Midlands via Coventry and via Solihull. The building of HS2 will also bring freight capacity benefits over the Stechford-Coventry-Rugby route and over the southern end of the West Coast Main Line as some passenger services will be diverted away from the existing WCML to a new high speed link.
- 18.1.54 Overall, Network Rail is aware of discussions and potential proposals for additional rail strategic interchange sites and further rail terminals. Clearly, at this stage, no definitive commitment could be given but no particular concerns about routing or capacity for further intermodal services in the West Midlands were raised. Issues about freight capacity have been raised but present and future initiative will ensure West Midlands' rail routes will continue to have sufficient capacity to accommodate anticipated freight services.

Centro

- 18.1.55 A broad range of issues were discussed including understanding of the role of an RLS, market based information, road planning and congestion, rail issues and potential sites. In addition to its passenger activities, Centro now has some responsibilities for developing freight transport

strategies for the West Midlands. The Black Country has low levels of accessibility to the rail freight network.

18.1.56 An RLS was confirmed as a large hub area to accommodate warehouses with the need for good road and rail transport links. A “hub and spoke” concept as suggested by South Staffs was discussed but it was agreed this would not be suitable to attract business or investment as the idea was basically a conventional rail terminal.

18.1.57 Other points made by Centro included:

- Understanding that an RLS is concerned with intermodal consumer traffic connected with supermarkets and major retailers. It does not concern bulk or raw materials such as steel, coal, cement etc.
- Agreed no major issues in relation to rail capacity in the West Midlands.
- Stourbridge – Bescot freight line seen as a longer term issue and agreed would not have much impact on the rail intermodal business at present.

Highways Agency

18.1.58 The Highway Agency responded in a letter which is appended at Appendix B. It recognised the existing evidence base and the lack of rail served sites to the west of the West Midlands conurbation.

18.1.59 In principle the HA support the principle of a RLS but any proposal would need to address and mitigate impacts on the SRN in the Black Country.

18.2 Private sector

Potential RLS developers

Kilbride Group – proposed SRFI at Four Ashes, Stretton

18.2.1 Kilbride Group has considerable experience in rail related development. Recently projects have included the reinstatement of rail lines to serve manufacturing plants, quarries and open cast mines. The projects have included schemes at Castle Bromwich and Halewood for Jaguar Cars,

18.2.2 Kilbride Group is promoting a 400 acre site near Junction 12 of the M6 as a Strategic Rail Freight interchange (SRFI), where it is proposing to develop a large intermodal rail terminal with approximately 5m sq ft of associated B8 warehousing

18.2.3 In December 2008 Kilbride Properties Ltd (now Kilbride Four Ashes LLP) submitted representations to the West Midlands Regional Spatial Strategy Phase II Revision (WMRSS) promoting a substantial site in Four Ashes, Stretton in South Staffordshire as an appropriate location for a Regional Logistics Site.

18.2.4 Kilbride maintain that the evidence base set out in the WM Regional Logistics studies should not be ignored, as this was accepted by both the RSS Examination in public and the Core Strategy Examination in public. Kilbride reiterated that in the review of demand this consisted of both the local/regional B8 demand and that generated by the increase in rail freight traffic and the requirement by end users for Strategic Rail Freight Interchanges (SRFIs). The latter is the result of a significant modal switch from road to rail freight, and the demand by end customers for regional distribution centres of logistics groups to be rail connected. The Office

of the rail regulator (ORR) has reported that for the last two years rail freight's share of intermodal container traffic has increased significantly with last year recording an increase of over 10%, representing a genuine modal shift at a time of economic downturn. This increase in rail freight traffic is also driving retailers and port requirements for inland rail terminals and handling facilities which provide the opportunity for linking new B8 development to rail freight terminals.

- 18.2.5 The ORR statistics for rail freight volumes demonstrate that the GB Freight model forecasts used in the 2011 WM study is applicable. As rail increasingly becomes the preferred route for clearing containers inland from ports demand increases for warehousing to be based near the rail terminals.
- 18.2.6 In terms of geographical location a RLS/SRFI in the West Midlands needs to take into account the existing terminals and capacity issues on the rail network. Locating additional facilities to the south or west will further congest the network in areas where DIRFT and Hams Halls have a significant impact. This leads to the conclusion that any new West Midlands based terminals need to be to the north of the conurbation.
- 18.2.7 Kilbride stated that there is evidence of the lack of viability and market support for hub and spoke operations based on:
- Rail Freight Group (RFG) (a trade association) views contained in its letter of 25\11\11 which was presented at the EIP into South Staffordshire's Core Spatial Strategy. This states that hub and spoke has not been a financially viable model for new rail freight terminals,
 - The Department for Transport's own MSRS grant scheme. This scheme is aimed at providing grant support for rail freight flows that have to use the hub and spoke principle in order to allow these flows to be economically viable for end customers. For this reason we do not think hub and spoke should be considered for new RLS developments, as developers cannot rely in the medium and long term on grant schemes to make the principle of hub and spoke work.
- 18.2.8 Kilbride believe that a RLS would not only serve consumer retail led commerce but would also have a role in supporting logistics for manufacturing. In Kilbride's view the location of Jaguar Land Rover's new engine plant facility at i54 would provide substantial opportunities for movement of car parts and finished cars involving a new RLS, i54, other car plants at Halewood, Merseyside and in the West Midlands which would enable a backload benefit.
- 18.2.9 Kilbride also consider that a RLS would offer similar opportunities to JLR's supply chain. These views are based on informal discussion with the company and Kilbride's experience with JLR in previous automotive supply chain projects informal. At Castle Bromwich Kilbride has previously developed a facility for JLR for finished vehicle dispatches and an intermodal/container handling centre for the adjacent manufacturing plant.
- 18.2.10 Kilbride consider that a new RLS located at Four Ashes would in no way serve to displace existing Black Country businesses. This is because RLS tend to attract Regional Distribution Centres of over 500, 000 sq ft.
- 18.2.11 In addition Kilbride provided a series of publications and articles to support the need/demand for RLS provision. These include:
- 18.2.12 The Chilterns and West Midlands Route Utilisation strategy (RUS) - the Four Ashes site is the main new rail terminal development listed by Network Rail as a deliverable rail freight terminal as the project has GRIP 3 approval

- 18.2.13 Rail Magazine article (week 16 May 16 to 29 May) – GB Freight Business Development Manager stated that there was a need for more freight terminal sites, especially in the Midlands to enable the industry to grow He also suggested that there Birch Coppice, Hams Hall and DIFT were suffering from over capacity with the roads serving them becoming increasingly congested
- Brinsford Consortium*
- 18.2.14 There are a number of landowners who control a site at Featherstone, principally:
- Taylor Wimpey
 - BAE Systems (Property Investments)
 - B & R Properties
- and their development partner:
- Roxhill Developments
- 18.2.15 This group submitted a written response to our request to participate and submit evidence of need/demand. This followed a face to face meeting. The response is summarised below:
1. *The Logistics sector*
 - The logistics sector is an important provider of jobs and makes a valuable and increasing contribution to the economy.
 - The UK logistics market (other than at a local scale) is now dominated by National and Regional Distribution Centres (NDCs and RDCs) operated by retailers, suppliers or third party logistics companies (3PLs) who distribute goods on behalf of manufacturers, producers or retailers.
 - Sites need to be of sufficient size to be able to respond to the changing dynamics of the logistics sector, particularly in relation to operational efficiencies which require larger floorplates, and the growing requirement for rail-linked sites.
 2. *Current Policy Framework*
 - There is a substantial shortfall of Regional Logistics Sites within the region.
 - The evidence base submitted in relation to the RLS policy and the Panel Report provide guidance in relation to the logistics sector requirement in the West Midlands.
 - Given the limited provision of this kind of site, there is an outstanding requirement for between 200 ha and 250 ha of rail linked regional logistics sites.
 - The latest guidance from Government issued by the DfT in November 2011 on logistics and Rail Freight Interchange development (entitled Strategic Rail Freight Interchange Policy Guidance and The Logistics Growth Review – Connecting People with Goods. The Review clearly identifies a need for the Government to support investment in SRFIs, including a focus on the importance of removing planning barriers to sustainable logistics development such as SRFIs. The SRFI Policy Guidance provides a very clear summary of the need for new and improved SRFIs.

- The Government's High Level Output Specification (HLOS) for the railway published on 16th July 2012 (required under the Railways Act 2005) describes an extensive programme of network infrastructure development, much of it directed towards the freight sector. In the current control period (CP4), Government is spending £200m explicitly towards the development of a Strategic (rail) Freight Network (SFN). In the next control period (CP5: 2014 – 2019) it proposes to spend a further £200m on the SFN plus a wide range of additional measures in which freight and passengers both benefit (such as the above mentioned Walsall – Rugeley line upgrade).
- The network investment included within the Government's HLOS is explicitly justified by the expectation of rail freight growth, forecast to be 23% just in the period 2014 – 2019. That level of growth cannot be sustained unless rail linked distribution parks are built and expanded.

3. *Market factors and drivers*

- There is a limited supply of logistics sites serving the West Midlands, and an extremely limited supply which is rail linked. Based on take-up statistics provided it is argued that the consequence is, and has been, the diversion of take-up, and therefore economic growth and employment, to the East Midlands where there has been, and continues to be, an available supply of B8 land.
- Occupiers are expressing increasing interest in locating at rail linked sites because of the potential transport savings available. Between Q1 2006 and Q1 2011, intermodal rail freight within Great Britain grew by 29% over a period in which overall road freight declined by 10%, demonstrating that the logistics market is now persuaded that rail offers significant benefits.

RPS Planning and Development – land adjacent Hilton Park Motorway Services

- 18.2.16 RPS act for owners of Green Belt land located south west of J11, M6 adjacent to Hilton Park services. RPS has promoted this site in the West Midlands RSS, Black Country and South Staffordshire Core Strategies as a strategic employment site suitable to meet B8 and B2 needs. The site is not linked or capable of being linked to the rail network.
- 18.2.17 RPS maintains that the site is well located in terms of access to the highway network having excellent links to the M6, M54 and M6 Toll via the M54/M6, M6 Toll link road. As such, it is suggested that the site is ideally placed to provide an excellent High Quality Employment Site that will assist in local and strategic aims of providing a suitable portfolio of employment land to meet the needs of the Black Country and regional economy.
- 18.2.18 RPS maintain that the logistics case to bring the site forward for development does not rely on the spoke and hub relationship with Brinsford but the scope for the RLS requirement being met in that way has been identified as a possibility. RPS see the site as a good logistics road based opportunity where the market would wish to come and exceptionally well related to the North Black Country as well as the motorway network, having regard too to the proposed M54/M6-M6 Toll Link Road proposal.
- 18.2.19 The site is however not served by a rail link.

Black Country Chamber – Transport Sub Group

- 18.2.20 A presentation was given to the Black Country Chamber of Commerce as a follow on to a presentation given by Centre on its emerging Freight Strategy.

- 18.2.21 It was clear that the Chamber's key concerns related to road traffic congestion given that the problematic M6 and M5 are the key transport routes used.
- 18.2.22 No Chamber members appeared to use rail freight nor had seriously considered it as a means of moving goods but there were no concerns raised over the principle of a RLS being brought forward.
- A.F. Blakemore*
- 18.2.23 A separate meeting was held with AF Blakemore which acts a deputy chair of the Black Country Chamber Transport Sub Group.
- 18.2.24 A.F. Blakemore & Son Ltd began life in 1917 as a counter service grocery store, and has grown from into a company that now employs more than 7,900 people with a turnover in excess of £1.1 billion. It has three sites in the Black Country with HQ at Willenhall
- 18.2.25 The company services SPAR wholesale, distribution and retail operations and operates most of SPAR's 24 hour outlets.
- 18.2.26 Blakemore deliver goods to point of sale rather than trunk goods. They deliver to SPAR shops, schools, restaurants, Government buildings etc. Their delivery consignment sizes are relatively small and are not suited to rail given the destinations described. It would not therefore be persuaded to relocate to a RLS should one be constructed.
- 18.2.27 The company could envisage inbound deliveries using rail. The company for example receives six trailers of bottled milk dally from Wiseman Dairies. Similar frequent consignments of soft and alcoholic drinks arrive by HGV for onward delivery.
- 18.2.28 The company would need to consider the environmental benefits that might occur based on the reduction on CO2 per sales revenue.
- 18.2.29 In terms of other users in the business community steel fabricators already use the steel terminals at Wolverhampton and Round Oak. Blakemore considered that local companies Poundland and One Stop Stores Ltd, both with several hundred retail outlets in the UK would potentially use a RLS. Blakemore considered that there may be an adverse impact on existing 3rd party logistics companies in the Black Country who may be faced with fresh competition by large scale 3rd party logistics operators who would be likely to locate at a new RLS.
- 18.2.30 Concerns were raised about the potential traffic impact that a RLS would have on the already congested M6 and M% motorways.

18.3 Commercial property agents

- 18.3.1 A discussion was held with David Binks who is head of logistics for Cushman and Wakefield who focus on representing retail occupiers. His view was that there was increasing focus on the East Midlands simply because of the number of deliverable options available to occupiers. His view of rail was that it was something which was being required by retail occupiers in order to future proof the location. This is of particular importance to many occupiers because if you consider the M&S operation at EMDC then the building is a minority percentage of the cost of getting the unit operational; the fit out costs for units of this time which are chilled in a large area is extremely high and they are bespoke which means that once they are in occupation they will not be wanting to relocate for many years in order to payback the cost of fit out.

- 18.3.2 This emphasis on future proofing locations is what corporate and retailers are focusing on because in the current economic climate they are trying to ensure that they have logistics options as they recognise that the strategies might change and that the cost to the business of moving is substantial. Future proofing was the key theme of the discussion.
- 18.3.3 Jones Lang LaSalle's Property Journal – The UK Big Box Industrial and Logistics Market of February 2012, states that:
- “Despite a patchy short-term outlook, we believe market demand will strengthen in the second half of the year and that, longer term, the market is supported by strong fundamentals including a growing population and constant changes in logistics and supply chain management. We expect activity to pick up in the second half of the year due to the weight of active requirements and a pick-up in economic growth.”*
- Developer – IM Properties*
- 18.3.4 IM Properties is one of the UK's largest privately owned property companies with an investment and development portfolio of circa £1bn across the UK, Europe and the USA. Spanning the industrial, retail and office sectors, IM Properties portfolio boasts a range of high quality global occupiers including Sainsbury's, Tesco, Morrisons, Next, House of Fraser, UPS, Volkswagen, Best Buy, BT and BMW.
- 18.3.5 IM Properties' development team has an established track record as one of the Midlands' most active developers of large scale schemes, having developed circa 5m sq ft of commercial real estate over the last 10 years. Current projects include Birch Coppice, a 400 acre prime distribution and industrial site at Junction 10 of the M42
- 18.3.6 IMs view was that although the majority of occupiers were attracted to Birch Coppice because of the road network and because the plots were serviced and so it was very efficient in timing from site selection to being operational on site and there was very little risk for occupiers and this was the key issue. IM commented that generally it was only once the companies were on site and had settled in that they then looked at using the freight terminal on site but that occupiers wanted to be able to operate more conventionally before they focused on rail. The freight terminal confirmed that 20-30% of their freight is from on-site occupiers with the majority of the users of freight terminal being within 15 minutes drive time of the operation.
- 18.3.7 The general feedback was that in order to attract occupiers you need to have the site ready for occupation by it being clean, serviced with infrastructure. This is demonstrated by ProLogis' development at Ryton where they are currently in the process of putting in the infrastructure on a site where they are able to accommodate up to 1.2 million sq. ft. (111,480 sq. m.) This puts them in a more competitive position over the vast majority of sites where there is the potential to accommodate that size of occupier and because the market for these units are generally taken by retailers who are most concerned with deliverability and certainty i.e. when they are able to be operational.
- Rail Freight Group (RFG)*
- 18.3.8 The RFG is a trade association which promotes the use of rail for the movement of goods. RFG confirmed significant recent growth in the use of rail to move goods – in 2011 intermodal rail freight volumes grew by 11%. RFG supported the GB Freight model as an accurate predictor of rail freight demand and pointed out that previous forecasts have been found to be accurate.
- 18.3.9 The West Midlands is hugely important area to the movement of goods in the UK. In a central location it is closer to all ports than any other region and is not only a market in its own right

being the second largest conurbation in the UK but also a receptor for goods moving from the southern ports on both road and rail to the north west and Scotland.

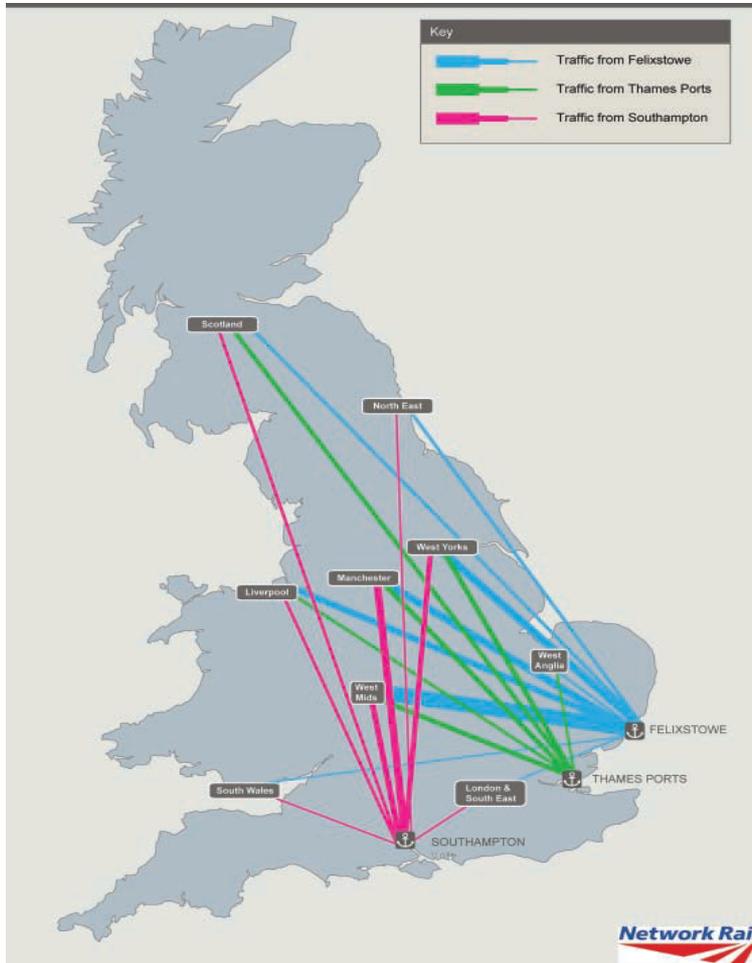
- 18.3.10 The SRFI policy emphasises the importance of establishing a network of rail terminals with on site large scale warehousing provision. IN RFG's view this offers the most cost efficient solution to customers and is far more preferable (cheaper and more efficient) than a hub and spoke approach which suffers from a series of disadvantages including:
- Additional costs associated with double handling – lifting of goods, road lag
 - Additional fuel and transit costs
 - Greater production of CO2
- 18.3.11 RFG believe that the growth in the use of rail freight has been achieved as a result of relaxation in competition in the rail industry. Customers have an increasing influence over all modes and have demonstrated by their use of RLSs involving significant investment that this is a preferred mode. Providing more choice of SRFI to serve the West Midlands is strongly supported – this will build capacity and sponsor economic growth. The alternative is for other regions to provide facilities involving an opportunity cost in terms of construction, new permanent employment, improvement in GVA and spin off benefits to the local economy.
- 18.3.12 RFG believe that rail freight offers a flexible way of moving goods and that the industry will become more sophisticated enabling greater market penetration with more sharing of train loads including use by SMEs. Prototype software packages such as *FreightArranger* and *Backloader* are in development to facilitate this.
- 18.3.13 In March 2012 the Haven Gateway Partnership' launched a Low Carbon Freight Dividend which is a £7.5m three-year project designed to encourage containers off the roads and onto rail. SMEs register an interest and if eligible become part of the scheme that will see them offered a Low Carbon Freight Dividend (grant) of up to 30% for moving their freight from truck to train, where traditionally they have only used road transport. The project, supported by the European Regional Development Fund, will support more than 300 SMEs to make the switch and move about 30,000 containers off the road.
- Jaguar Land Rover*
- 18.3.14 No comments received.

19. APPENDIX F: BACKGROUND INFORMATION AND EVIDENCE CONCERNING RAIL FREIGHT LOGISTICS

19.1 Inter modal Freight and SRFI

- 19.1.1 Inter modal freight is moved in a variety of ways around and into the UK, with intercontinental sea and short sea shipping feeding the UK ports and then movements within the UK served mainly by road with rail and inland waterways gaining smaller market shares. Relatively small volumes of traffic are moved by rail to and from mainland Europe via the Channel Tunnel
- 19.1.2 To encourage modal shift in the distribution of consumer goods, rail needs to integrate closely with customers supply chains to ensure rail movements are able to provide the same flexibility as road based distribution. The key to such integration is the developments of rail linked warehousing and inter modal terminals as part of distribution centres.
- 19.1.3 This need was recognised by the rail industry some years ago. In March 2004 the Strategic Rail Authority (SRA) published a policy document “Strategic Rail Freight Interchange Policy”. This outlined the need for further SRFIs to cater for anticipated rail freight growth. This policy document has now been superseded by the Department for Transport’s “Strategic Rail Freight Interchange Policy Guidance” published in November 2011.
- 19.1.4 A SRFI is entirely different from the more traditional rail terminal which might facilitate a transfer of goods between rail and road. Rail linked or rail connected warehousing may either be directly connected, with a dedicated siding running directly into or adjacent to the warehouse or the warehouses might be served through an inter modal rail terminal located within the SRFI site which receives containers by rail and delivers them a short distance by road to customers within the SRFI site.
- 19.1.5 A SRFI provides a central distribution location where goods are received or dispatched by road or rail or where bulk loads might be broken down, stored and sent to retail or consumer outlets. SRFIs therefore require considerably more space than a traditional rail terminal and depend on a multi-modal, distribution centre in order to be effective. To develop successfully, an SRFI must thus have good rail and road access and capacity for expansion. The size of a SRFI will vary considerably reflecting, existing and potential business growth. Nevertheless interchange terminals will need to be large enough to include distribution warehouses as well as road and rail interchange facilities. In general, size range would be likely to be within 40 hectares to 400 hectares.
- 19.1.6 The 2011 policy guidance endorses the need for the development of rail linked interchanges to:
- Reduce road congestion and reduce carbon emissions;
 - Support the long-term development of efficient rail freight distribution logistics; and
 - Support growth and create employment.
- 19.1.7 The document acknowledges that inter modal traffic by rail in the U.K. is expected to grow for ports traffic by 6% annually and for domestic inter modal by 11% annually up to 2030. Importantly the guidance acknowledges that reliance on existing rail freight interchanges or smaller interchange terminals will not meet the growth needs of the future or achieve the need for the greater use of rail. Network Rail forecasts for inter modal freight traffic in the UK in 2030 are shown in Figure 19.1. This highlights the high volume of traffic expected between Felixstowe and the West Midlands

Figure 19.1: Forecast inter modal freight traffic in 2030



19.1.8

Figure 19.2 below shows the scale of operations at Felixstowe port that is now necessary to handle containers, resulting in ports having to find the most efficient way of clearing the port and moving containers inland. Although road transportation is flexible and readily available, it is not able to cope with the number of containers at the port. This has given rail an opportunity to seize market share from road, as a result of its ability to move large numbers of containers (up to 40 x 40ft containers) in one train load.

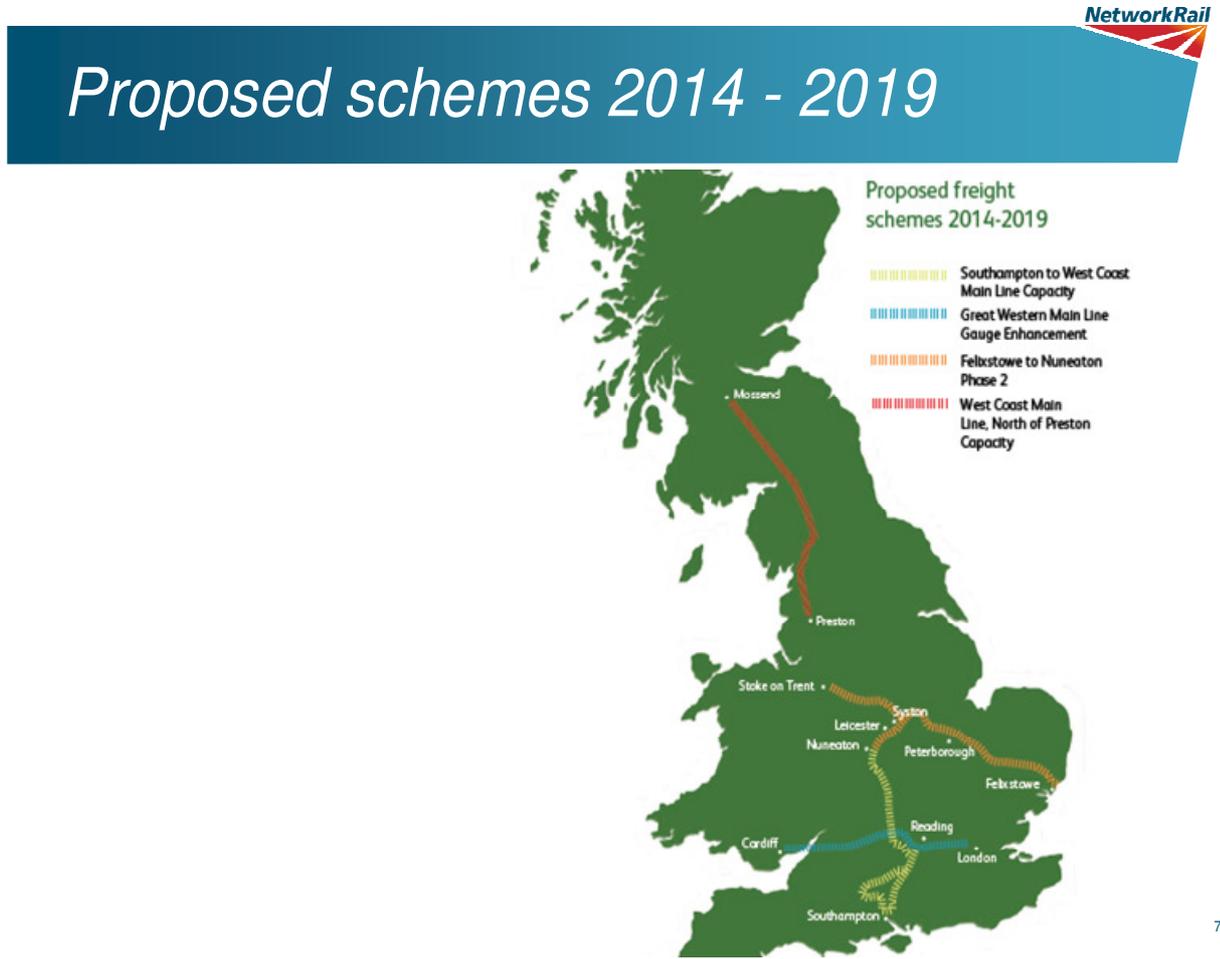
Figure 19.2: Felixstowe Port Container Facilities



- 19.1.9 Rail can start to compete with road in cost terms once containers travel distances in excess of 150 miles, although shorter routes can be viable. The first increase in inter modal rail freight has therefore been on trunking legs from the ports to inland regional distribution centres or SRFIs. The second increase in rail freight volumes has been driven by the main retailers and 3PLs on inland trunking legs between regions, i.e. central England to Scotland.
- 19.1.10 The investment needed to achieve W10 gauge⁶⁵ routes above has been approved by Network Rail and works committed. The schemes proposed include improvement which will benefit the West Midlands – see Figure 19.3 below. These works have been decided on the basis of forecast rail freight growth.

⁶⁵ In order to move containers around the UK rail network it is necessary to ensure the correct routes are chosen that have sufficient gauge. This means the route must be cleared to take a specific size of container on standard height rail wagons, in order to make sure bridges, platforms and tunnels are of a sufficient width and height. The largest gauge in the UK is W10

Figure 19.3: Planned Network Rail investment to facilitate rail freight



19.1.11 A key element of Network Rail’s approach to forward planning and the development of strategies to cope with anticipated future demand is the production of Route Utilisation Strategies (RUS) for lines of route, regional and infrastructure elements. So far as rail freight in the West Midlands is concerned, a number of RUS’ have been produced or updated which address current and anticipated traffic demands affecting capacity demands on the West Midlands rail network. The RUS for Freight nationally was produced in 2007 but is now a little dated and issues, so far as the West Midlands are concerned, have been updated by the West Coast Main Line RUS, published in July 2011 and the West Midlands and Chilterns RUS produced in May 2011. Both these RUS’ deal with passenger demands as well as the needs for freight.

19.1.12 Within the analysis, the WCML RUS, comments on the expected growth in rail freight demand, particularly for the intermodal sector, highlighting the importance of the West Midlands region for such traffic. Current planned enhancements to improve WCML capacity for freight such as upgrades between Peterborough and Nuneaton, gauge enhancement to Southampton and the Nuneaton chord are outlined and the importance of HS2 in releasing capacity on the WCML, some of which will be available to meet anticipated freight demand. The possibility of a new intermodal terminal between Wolverhampton and Stafford is also noted.

- 19.1.13 The RUS for the West Midlands states that the majority of the network in the West Midlands can accommodate forecast freight growth over the next decade but does recognise there is a need to further develop options, particularly between the South West and Birmingham and access to the Kingsbury branch and Birch Coppice. The RUS notes the majority of rail freight growth will be in intermodal traffic and demand from the South West is likely to increase with the planned development of a new Deep Sea Container Terminal at Bristol. Network Rail proposes to further consider options to accommodate freight growth in the West Midlands including a review of the proposal to reopen the Round Oak – Walsall line. Container traffic from Bristol may be routed via the direct line to the West Midlands but alternatively could travel via Didcot, joining the main freight link from Southampton to the West Midlands. This route is included in the “Electric Spine” and will provide an attractive option for freight services.

Electric Spine.

- 19.1.14 The High Level Output Specification (HLOS) for CP5 announced by the DfT. this year included the extension of railway electrification schemes and the development of an “Electric Spine” planning further electrified routes which will benefit passenger and freight services. A number of routes in the West Midlands are included for enhancement including electrification between Walsall and Rugeley and the core freight link from Southampton to the West Midlands. Additional electric haulage options for freight will reduce costs and increase operational flexibility helping to improve the competitiveness of rail against the road alternative.

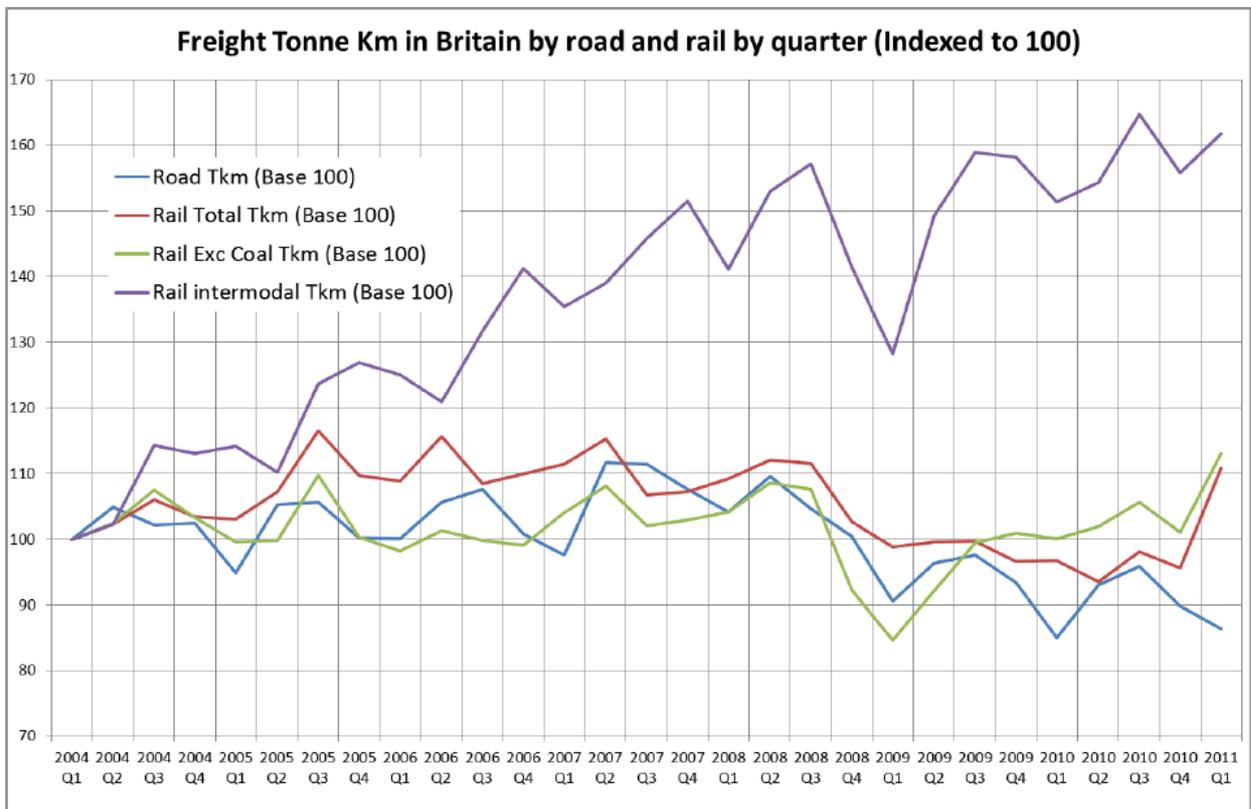
19.2 Up-to-date Rail Freight Evidence

- 19.2.1 The West Midlands Regional Logistics Study – 2009 Update prepared by MDS Transmodal Ltd, dated May 2009 indicated that unitised (i.e. container) goods to the West Midlands would increase from a total of 86 million tonnes in 2008 to 101 million tones in 2026. Of this, rail volumes would increase from 2.1 million tones to 4.7 million tonnes.⁶⁶
- 19.2.2 The latest version of rail freight demand forecasts were published in October 2011. These were produced for the Rail Freight Group and the Rail Freight Operators Association by MDS Transmodal Limited. Again, these were derived from the MDS Transmodal GB Freight Model. The returned data evidenced rail freight growth (see figure 19.2 below). It also forecast positive prospects for rail growth.
- 19.2.3 Despite the economic downturn, rail freight grew by 2% between 2006 and 2011 whilst inter modal traffic grew by 29%. These latest forecasts indicate that total rail tonnes/Km will grow by an average of 3.3% per annum to 2030, whilst intermodal volumes will increase by an average 7.6%. The forecasts show that if all potential rail productivity improvements were achieved, this average percentage could increase to 8.7%.
- 19.2.4 The GB Freight Model is a forecasting tool which takes data from a number of sources to produce and analyse current traffic flows and produce future freight forecasts. It is regarded as a key tool and underpins much of the strategy /policy from the Department for Transport, Network Rail and the Freight industry for rail. It was used in the original MDS study, updated in 2009, and is the basis of data quoted in this section. However, it was decided not to commission a further run of the GB Freight Model in the context of this study into the justification for a Regional Logistics Site to serve the Black Country and South Staffordshire as it was considered this would be of limited value.

66 Source: MDS Transmodal GB Freight Model v.5

- 19.2.5 GBFM Data is broken down into regions, in this case for the West Midlands as a whole. Whilst it tells us the forecast growth for the West Midlands and also separately for the East Midlands, data cannot be broken down within the region. Therefore, whilst it can support the case for capacity in the West Midlands it does not help the case for logistics provision in southern Staffordshire and the Black Country as opposed to the West Midlands in total.
- 19.2.6 The updated MDS report in 2009 used data for 2008. The latest data produced by MDS was in October 2011 which updated earlier figures. These confirmed and refined growth trends for rail business but did not produce any additional information which was not already known. Again information related to the West Midlands region. Another run of the GB Freight model is unlikely give any more information than already available to support the case for rail. The 2009 Regional Logistics Study Update report suggested that South Staffordshire and Black Country was a good location for a RLS but did not provide any data specific to this sub region.

Figure 19.2: Growth in freight by mode – 2001 to 2011.



Sources: Rail data from ORR's National Rail Trends.
Road data from DfT traffic measurements

- 19.2.7 So far as the West Midlands is concerned the latest forecasts endorsed the earlier figures, indicating that maritime container traffic by rail to the West Midlands would increase from 2.3 million tonnes in 2011 to 4.6 million tonnes in 2030, an increase of 53%. Domestic intermodal

traffic by rail to the West Midlands is forecast to increase over the same period from 214,000 tonnes to 3.3 million tonnes.

19.3 The role and importance of rail in logistics compared to road

Although recent experience and forecasts of rail freight are encouraging a balanced view of the overall importance of the value of rail freight is necessary by considering its share compared to the movement of freight by road. Tables 19.1 and 19.2 below show the share of freight by sector between 2002 and 2012 and the market share of freight by rail from 2000 to 2010.

Table 19.1 - Freight moved by rail in Great Britain

Year	Coal	Metals	Construction	Oil and Petroleum	International	Domestic Intermodal	Other	Total
2002-03	5.66	2.64	2.51	1.15	0.46	3.38	2.72	18.52
2003-04	5.82	2.41	2.68	1.19	0.48	3.53	2.77	18.87
2004-05	6.66	2.59	2.86	1.22	0.54	3.96	2.53	20.35
2005-06	8.26	2.22	2.91	1.22	0.46	4.33	2.29	21.7
2006-07	8.56	2.04	2.7	1.53	0.44	4.72	1.89	21.88
2007-08	7.73	1.83	2.79	1.58	0.37	5.15	1.73	21.18
2008-09	7.91	1.53	2.7	1.52	0.42	5.17	1.38	20.63
2009-10	6.23	1.64	2.78	1.45	0.44	5.51	1.01	19.06
2010-11	5.46	2.23	3.19	1.32	0.42	5.68	0.94	19.23
2011-12	6.41	2.24	3.45	1.2	0.45	6.31	0.99	21.06
Ave. %	34%	11%	14%	7%	2%	24%	9%	100%

Source: Network Rail
(billion net tonne kilometres)

Table 19.2 - Freight market share in Great Britain

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Road	159	159	162	163	163	163	169	157	137	151
Rail	19	19	19	20	21	22	21	21	19	19
Pipeline	12	11	11	11	11	11	10	10	10	10
Water	59	67	61	59	61	52	51	50	49	42
Total	249	256	253	253	256	248	251	238	215	222
Percentage of rail freight movement	7.7%	7.4%	7.4%	8.0%	8.3%	8.8%	8.5%	8.9%	8.9%	8.4%

Source: Office of Rail Regulation
(billion net tonne kilometres)

- 19.3.1 According to the Office of Rail Regulation (ORR)⁶⁷, rail accounts for 7.7% of the freight market share (freight moved in billion net tonne kms) in 2001, which has slightly increased to 8.4% in 10 years. However, most of the rail freight is bulk products such as coal, metals and oil, which do not go through a warehouse.
- 19.3.2 Only a quarter of the rail freight movement (“Domestic intermodal”) is likely to affect potential users of RLS in the study area according to Network Rail⁶⁸. For example, in 2010, domestic intermodal freight moved by rail is 5.68 billion tonne kilometres, which is quite insignificant comparing with 151 billion tonne kilometres by road.
- 19.3.3 Rail accounts for about 11% of total freight moved by road and rail. But most of that 11% is bulk goods (coal, building materials, etc) that would not be involved in any of the activities of an RLS (unless it is planned to build a coal fired power station there) so at best only 30% (the 2011-12 figure in Table 4.2) of this 11% or about 3.3% overall of the sort of goods that will pass through a RLS currently move by rail..
- 19.3.4 Even these figures are somewhat misleading as rail is only used for the longest journeys and so is an even smaller percentage of the volume shipped. Even at the rapid annual growth rate estimated by Network Rail⁶⁹ (6% for port intermodal and 11% for domestic intermodal), the total intermodal freight by rail will only be 29 billion tonne kilometres by 2030. This is unlikely to have an “essential” impact to the whole freight market in the study area.

67 <http://dataportal.orr.gov.uk/displayreport/report/html/278c7c1a-19c6-409a-9694-c8df529b1e72>

68 <http://dataportal.orr.gov.uk/displayreport/report/html/79c33859-004c-486b-b752-cd485b1dba96>

69 DfT, Strategic Rail Freight Interchange Policy Guidance, page 10