



The Barking & Dagenham *Industrial Land Strategy*

Final Report

For:



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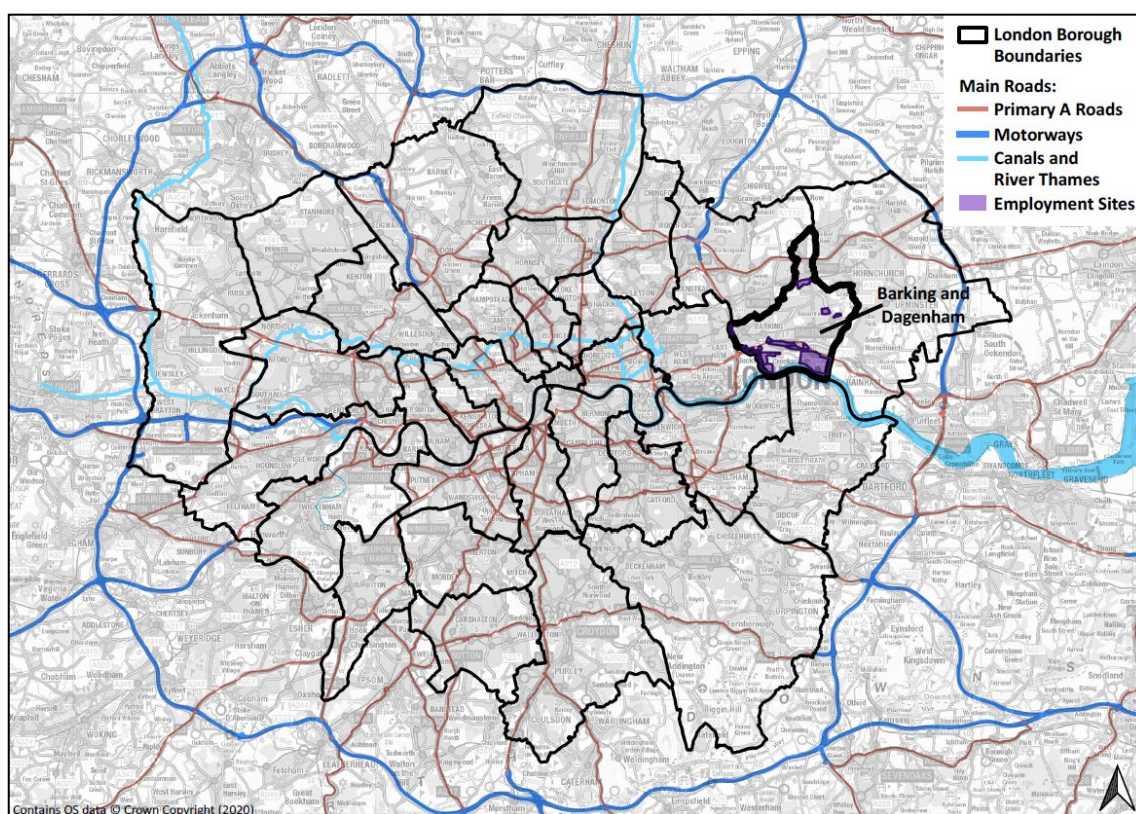
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1 Executive Summary

Introduction

- 1.1 The London Borough of Barking and Dagenham's (LBBD) *Borough Manifesto* sets out a vision that, by 2037, it will be a place where every resident has access to lifelong learning, employment and opportunities, and where businesses and communities grow and thrive. This aspiration has led to the formulation of this *Industrial Land Strategy*, which aims to identify improvements in LBBD's existing employment areas so that industrial and other commercial operations can function more efficiently and effectively.
- 1.2 As shown in **Figure 1**, the LBBD is located to the east of London, with good access to the strategic road and public transport networks that links central London's activity zone with the M25 and beyond. Its location has been part of London's industrial heartland within east London, along the River Thames.

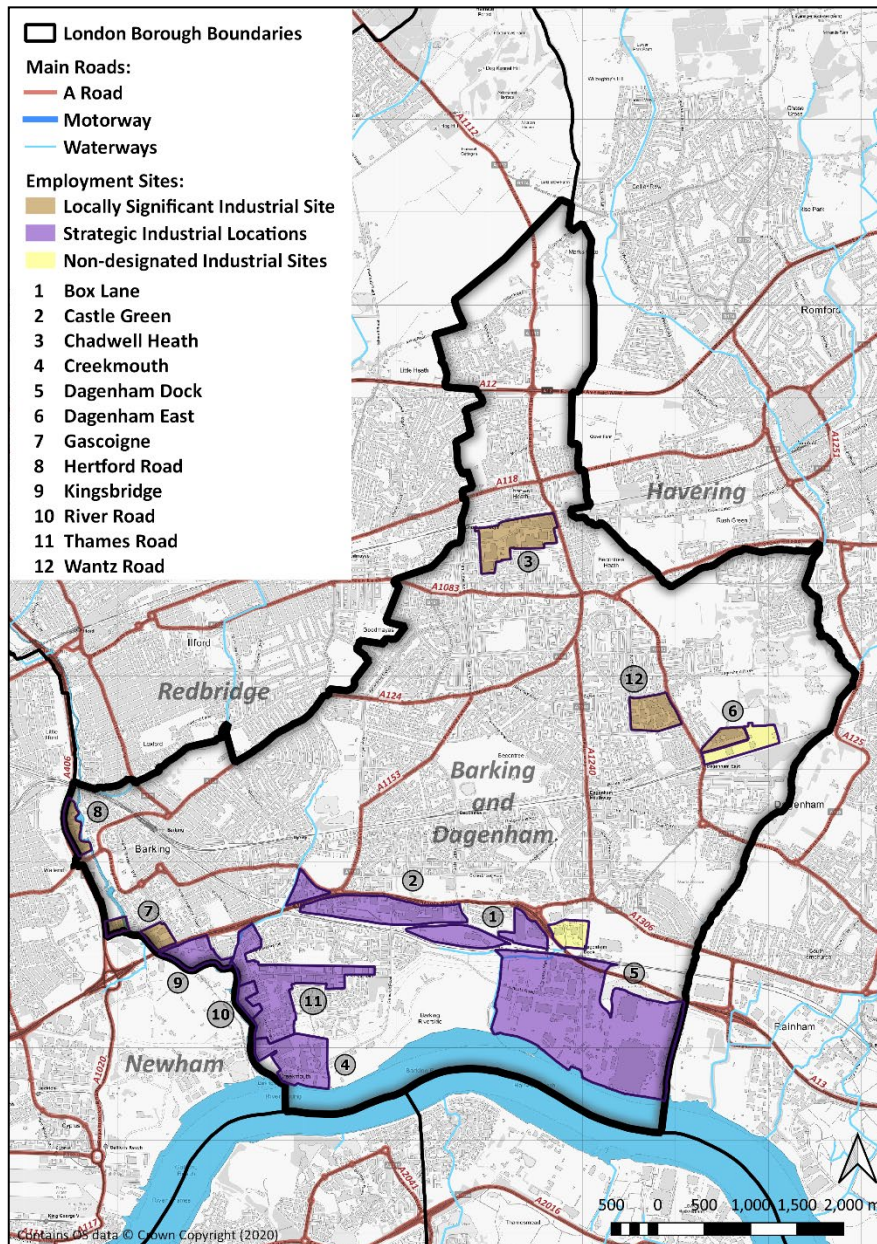
Figure 1 Location within London of LBBD and its core employment areas



- 1.3 Based on current local plan designations, LBBD has 12 core employment areas within six designated employment areas, with a total of 464 ha of industrial land. This includes 348 ha located within three Strategic Industrial Locations (SILs), 68 ha located within five Locally Significant Industrial Sites (LSIS), plus 48 ha of non-designated industrial sites (NDIS). All three types of sites are shown on the map in **Figure 2**.
- 1.4 Together, based on the latest information from the Valuation Office data (VOA), these employment areas have almost 1.34 million square metres of commercial floorspace, with 66% of this floorspace within the three SILs and 25% within the LSIS areas. Most of the occupied employment floorspace currently accommodate service activities, light industrial uses and covered storage, and trade

counters, which all serve the local and London-wide markets. Some of this land is also used for open storage activities.

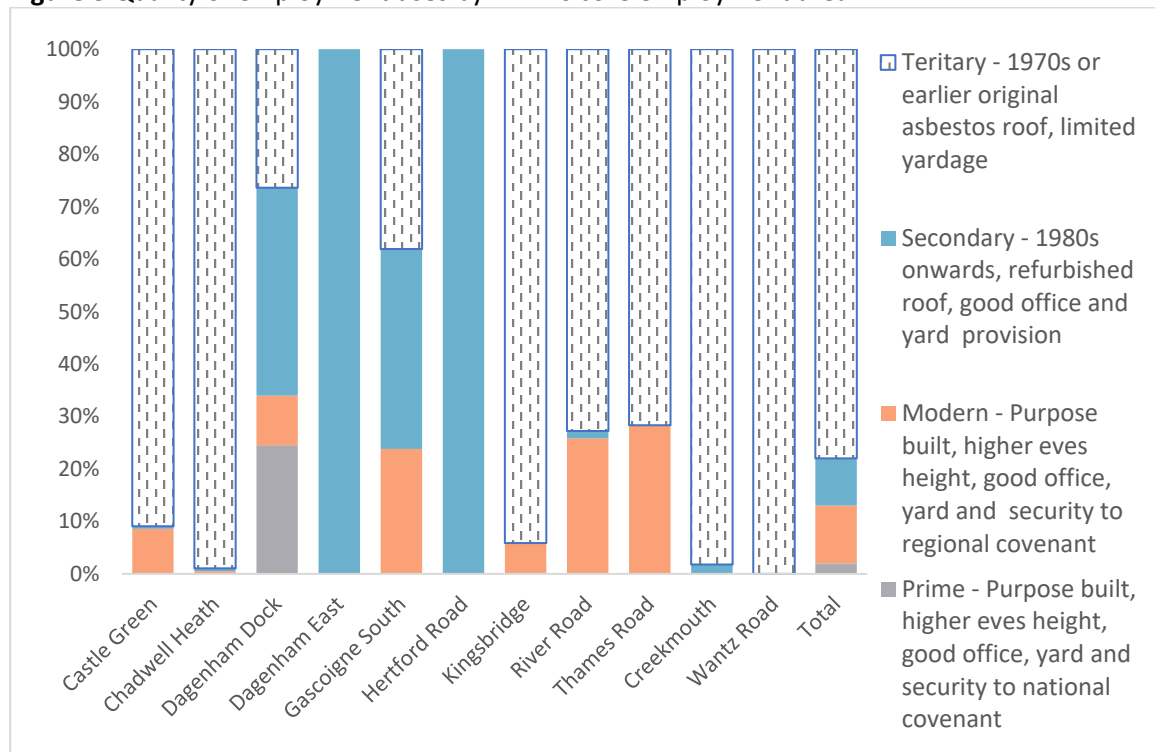
Figure 2 Location of LBBD's core employment areas



- 1.5 But a review of these sites identifies an under-supply of modern spaces and the current stock is, generally, too old, the wrong specification and wrongly sized. As shown in **Figure 3**, the vast majority of existing floorspace is tertiary and/or secondary rather than modern or prime, which holds back LBBD's employment and prosperity growth.
- 1.6 LBBD has been a prime location for industrial activity in the past. But with changing markets and through lack of investment, there are problems; and without changes many of these problems are likely to worsen. But such changes are bringing new opportunities in east London, including LBBD, for prosperity and regeneration that would benefit LBBD's growing businesses and residents.
- 1.7 With industrial activity declining in London and in LBBD alike, and with its planned housing expansion potentially changing the occupational profiles of LBBD's residents, there is a growing

demand for many new service-based sectors that require hybrid E(g) class workspaces (i.e. offices, studios and light industrial). There is also growing demand for strategic warehousing serving the last mile economy, generating a need for bigger spaces relative to existing spaces, subject to addressing access bottlenecks issues along the strategic A13 road. But by all accounts, the A13 is the best location for employment in the Borough and there needs to be room for strategic warehousing and logistics uses as well as more hybrid spaces (E(g) uses) serving the City Centre economy along this route.

Figure 3 Quality of employment uses by LBBD's core employment area



Source: Derived from Glenny's data, 2019

1.8 In this regard, through the consolidation, intensification, substitution and change of uses on LBBD's industrial land, the LBBD *Industrial Land Strategy* is seeking to bring a positive economic transformation for LBBD's residents and businesses by supporting the delivery of the following:

- mixed use neighbourhoods at Chadwell Heath, along the River Roding at Thames Road and at Castle Green;
- industrial intensification at Dagenham Dock and Box Lane; and
- economic clusters at Dagenham East for media, film studios and R&D; at Castle Green for logistics and rail terminal, and a wholesale food market and construction hub at Dagenham Dock.

1.9 Such transformative changes are also able to help meet the strategic economic needs of London by providing employment land for services serving the London economy.

Strategic Context

1.10 Within the context of regional policy objectives, the GLA's *Intend to Publish London Plan* (December 2019) emphasises the importance of "Good Growth", which is described to be about "...working to re-balance development in London ...delivering a more socially integrated and sustainable city,

where ... growth brings the best out of existing places while providing new opportunities to communities”.

- 1.11 Owing to the available supply of vacant industrial land within LBBB, and trends towards more service-based, light industrial and office workspaces, the *Intend to Publish London Plan*, identifies “limited release” for LBBB’s industrial SILs, amounting to 30.1 ha¹.
- 1.12 Rather than taking a site-by-site target-based approach, LBBB is seeking to achieve the same overall objectives, with a clear focus on “Good Growth”, through a strategic approach to *transformative change* in the Borough. This will be done in line with National Policy, by encouraging a practical, pro-business and pro-development approach to planning industrial land. But at the same time, the *LBBB Industrial Land Strategy* recognises that more of the same or incremental change, will be inadequate to address major social and economic disadvantages.
- 1.13 As part of this process to achieve transformative change in the LBBB economy, the *Borough Manifesto* is seeking, and emerging *Local Plan* will seek to shape east London’s future by moving away from industrial decline and by creating high-quality places for people to live, work and visit. Certainly, the engine of LBBB’s economy will be an expanding business base, since businesses are what create jobs and opportunity, and add value. New enterprises will also broaden the profile of skills demand and the technologies used. The closer alignment of innovation, people skills, infrastructure, business and place-making, will require the smart, flexible approach to land use planning that this *Industrial Land Strategy*, and the *Borough Manifesto* and the emerging *Local Plan*, are or will be striving to achieve.
- 1.14 As such, this *Industrial Land Strategy* is looking for potential changes within each employment area based on the *Intend to Publish London Plan*, Policy E7, in terms of:
 - industrial intensification that may involve placing small industrial units above or alongside larger warehouses, and hybrid office/industrial activity in multi-use buildings accommodated on site at a 65 per cent plot ratio;
 - co-location involving a mix of industrial and residential and/or other uses on the same site either side-by-side or through vertical stacking; and
 - substitution that some of London’s industrial capacity that is able to move to better locations with related property markets principally elsewhere in LBBB, but if not then elsewhere in London or beyond.
- 1.15 To summarise the strategic context, this *Industrial Land Strategy* is seeking to facilitate the appropriate delivery of LBBB’s employment sites to meet the objectives of achieving a transformative change through more nuanced approaches to industrial intensification that recognise local economic circumstances and the need for balanced communities. Such considerations will be important for informing LBBB’s *Draft Local Plan*.

Local Economic Context

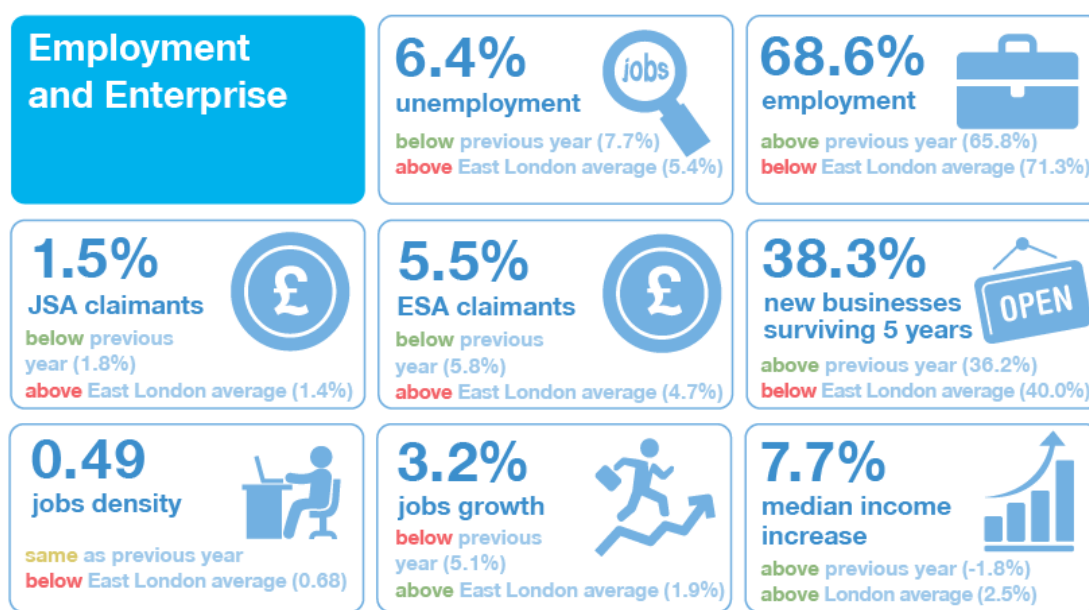
- 1.16 LBBB has always had an economy based on manufacturing, but several years of structural decline in this sector has caused the overall economy to grow more slowly than other parts of London. Currently, LBBB’s residents have a lower skills profile in comparison to London and nationally, and consequently higher unemployment. At the same time, LBBB workplaces achieve low productivity, which is likely to explain the lower local earnings. The weaknesses in the local economy are

¹ Identified in the GLA’s London Industrial Land Demand Study (CAG Consultants, 2017) Table 3.3, which informed the *Intend to Publish London Plan*.

presented schematically in **Figure 4**. Consequently, the *Borough Manifesto* is seeking to tackle these weaknesses and improve LBBD's economic performance based on the following targets:

- unemployment lower than the Outer East London average;
- growth in businesses larger than the Outer East London average; and
- income improving faster than the London median.

Figure 4 State of the Borough Monitoring, 2018



Source: Barking and Dagenham Together - Borough Manifesto

- 1.17 Already, there are signs of changes happening in the right direction. Within the overall decline in industrial activity, in recent years LBBD has seen growth in employment in many new service-based sectors, albeit that this has not included the corporate office sector. For example, high value, knowledge-based activities are poorly represented in LBBD compared with London, but LBBD has outperformed the London and national comparators in its relative increase in R&D activity. Similarly, there is a poor representation of smaller businesses in LBBD, but the number of SMEs has more than doubled since 2010, at a rate that has outpaced London and national figures. Long term change is thus possibly already underway, but it needs encouragement.
- 1.18 There also remain some major challenges that need addressing to support a stronger and growing local economy. For example, existing residents are poorly skilled relative to the rest of London and nationally, which is keeping average wages relatively low. This requires an improvement in local demand for higher skills, which will in turn drive growth through training and skills. Not only will this lead to the more efficient use of land through higher value uses, but it will also lead to sustainable growth in the local economy.
- 1.19 Importantly in this process of change, this *Industrial Land Strategy* is seeking to capture the economic drivers of new growth, understanding what form these will take and promoting the appropriate scale and typology of land and buildings.

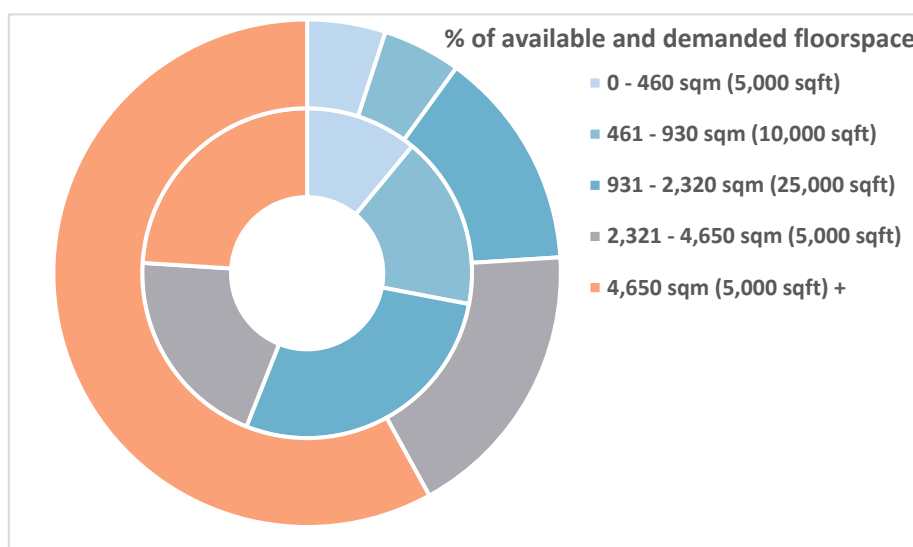
The Property Market

- 1.20 Despite the recent uncertainty being created by Brexit, the analysis of past trends has shown a fundamental shift in property development across London since the credit crisis in 2009. This is being reflected in LBBD, where vacancy rates in commercial properties have been effectively

eliminated; and there has been a continued increase in rents for new commercial properties and in land values, partly relating to the growth in the need for more housing and house prices.

- 1.21 Demand for light industrial and logistics land demand in LBBD is now strong, and there is no substantial amount of vacant industrial built space remaining beyond the frictional minimum. This is because the remaining industrial and logistics occupiers that are still in London tend to be connected to an essential supply chain or population-driven consumer need.
- 1.22 The lack of growth and change in the commercial floorspace in LBBD has led to low vacancy rates within core employment areas but, at the same time, has led to a growing proportion of stock being no longer fit for purpose due to obsolescence, leading to low rents (albeit increasing recently) and low utilisation of employment space.
- 1.23 As reflected in **Figure 5**, the vast majority of available floorspace in the borough comprises smaller average unit sizes that are mismatching the strong demand from existing businesses and inward investors, which is for larger units, those above 5,000 sqm.

Figure 5 LBBD's supply (inner circle) and demand (outer circle) mismatch



Source: Glenny, 2019

- 1.24 Owing to these factors, the overall growth in demand, rents and more modern efficient (and intense) use of commercial spaces have been constrained. In short, there is an important mismatch between demand and the fixed supply. Also, while some spaces may have been in good locations in the past, this does not necessarily mean that they remain good locations to meet future demand, which is considered next and later when we review the core employment areas.

Future Demand for Industrial Uses

- 1.25 As identified above, the size of much of the stock in LBBD, much of which is becoming old and obsolete, especially in terms of the efficient use of space, and/or located in the wrong places. These factors are reducing investment or business optimisation, which is, in other words, constraining growth and employment opportunities.
- 1.26 Despite the net change in commercial floorspace remaining stable over the past ten years in LBBD, the role and function of the borough's industrial economy have changed. Traditional heavy industry is gradually being replaced by service-based industrial activities and high tech and environmental industries, exemplified by the development of the London Sustainable Industries

Park (LSIP) at Dagenham Dock. But LBBB is not a strong office location in any sense; there is no corporate activity, and any offices tend to support local demand.²

- 1.27 While LBBB has a lot of employment floorspace and while there a high occupancy rate within this, the scope to develop more space is partly threatened by the rise in house prices across London. Even though the prices of houses within LBBB are a relatively cheap option compared to other London boroughs, the prices that are likely to be reflected in the purchase of London sites for developing houses is still pushing up the price for any land, residential or commercial, that becomes available due to the level of hope value in securing a site for much needed housing. In short, residential and commercial land are beginning to compete.
- 1.28 For London's and LBBB's economies to sustain growth, it will be essential to create capacity. The latest (2017) GLA's borough forecasts for LBBB, identified 4,000 additional jobs in LBBB over 15 years (2015-2031), which was the lowest forecast rate of change for any London borough. Such a low growth rate was predicated on its current industrial structure. But more detailed work by Cambridge Economics projected scope to support an additional 7,500 to 8,000 workers within LBBB over the Draft Local Plan period to 2037 based on the potential for planned employment and housing land delivery.
- 1.29 To achieve the higher level of growth, there will need to be major supply-side measures to release new site development opportunities for jobs, housing, social and transport infrastructure, which serve to make LBBB a good place to live and work. This is because modern businesses, residents and skilled workers are all footloose, and will choose to locate in nicer places subject to there being the right kind of employment spaces and jobs.
- 1.30 There are several key industries already in LBBB or primed to invest in LBBB, that can contribute to employment growth potential. These are summarised below.
 - **Film studios.** There is a nascent studio industry in east London, of which LBBB is a part. This must be nurtured with every effort being applied to its future success. The provision of suitable buildings will be key and engagement with the industry in a proactive manner will assist in ensuring the attraction of some of this investment to the Borough. But suitable employment buildings are only part of the story. Housing and support services will also play a key role.
 - **Logistics.** In terms of its history and potential land supply, LBBB has a comparative economic advantage in this sector and needs to be thinking of 21st century logistics, not old models. There is an extant Strategic Rail Freight Site and the potential for the re-allocation of large parcels of land. Discussions with various owners and operators in the area could help bring about transformative change.
 - **City Markets.** Dagenham Dock will have a strategic London role in providing a home for City markets. These will bring important employment opportunities and horizontal and vertical clustering, underlining the need for good strategic road access to central London.
 - **Education.** Higher education has a role to play in LBBB's regeneration. There has been a recent wave of moves from central to east London, particularly around Stratford. LBBB is in a position to benefit from some of this change. More specifically, based on its incumbent business activities and clusters, the borough has potential to become a target location for

² As part of the impact of C-19 and changing working practices, it is worth noting that the office market might change now, with a potential for increasing demand for smaller flexible office spaces closer to where workers live and outside of expensive central locations.

artistic/creative institutions along with the food industry with the planned investments for the City Markets.

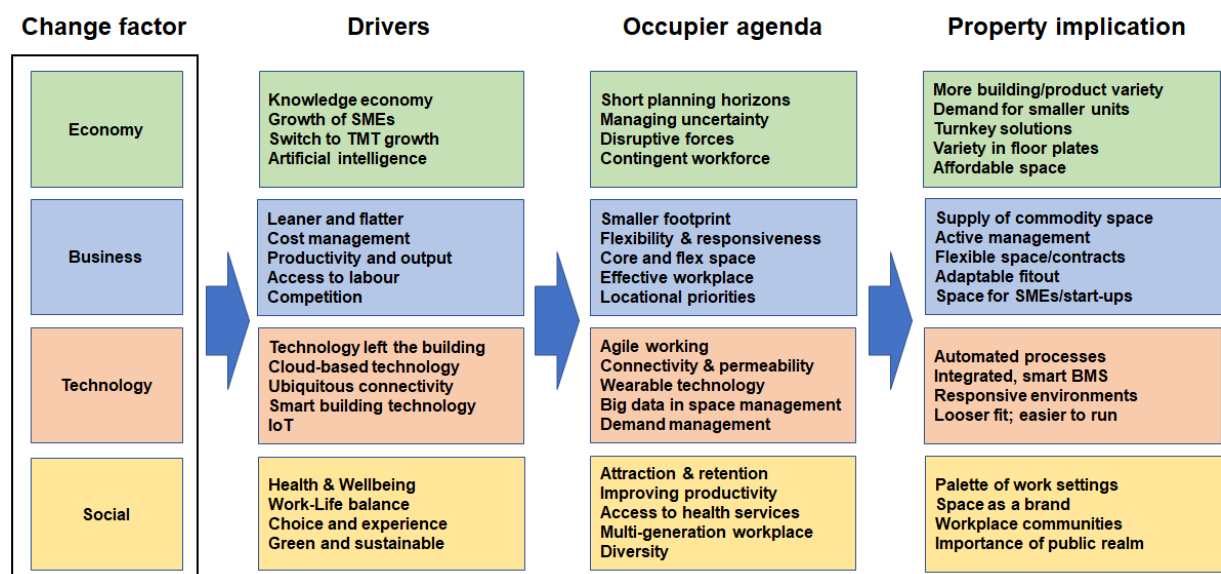
- **Construction.** The construction sector is going through fundamental change, not least driven by the sustainability agenda. There is an opportunity within LBBD to support this change with facilities for the modern handling of aggregates, construction materials, pre-cast steel and perhaps Modern Methods of Construction (MMC) activities. Box Lane would be a good location with its freight line facility; and therefore, local owners/operators will need to be corralled and convinced about its potential.

1.31 These examples are not exhaustive, and they are not mutually exclusive.

A Changing Economic Landscape

1.32 In qualitative terms, there are forces at work that are shaping future demand, and which need to be addressed if future property supply is to match the needs of the evolving economy. These drivers of change (grouped under four change factors) are depicted in **Figure 6** and it will be critical to address these broader forces of change and to provide the kinds of space that will be required in the future, and not simply repeat what has been done in the past. This is a key part of making more intelligent use of land resources rather than playing a simple numbers game over how much land is allocated.

Figure 6 Overarching factors shaping future demand for property



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- 1.33 This will mean a balance of buildings for businesses servicing local, regional and national markets, through a range of building types including large distribution nodes, last mile delivery buildings, maker spaces for SMEs, industrial servicing buildings, studio spaces for start-ups, and so on. Some activities will require buildings on large parcels of single use land; while others will require small, multi-unit, multi-use buildings. Some will be on parcels of commercial-only land, while others will be suitable for horizontal mixed-use developments.
- 1.34 To achieve this, innovative approaches to building design will be required, as was identified and illustrated in Hawkins Brown's draft report for LBBD, *The Future of Our Employment Land* (June 2018). This work showed several premises typologies to suit emerging business needs.
- 1.35 In creating a competitive economy, it is important to encourage long-term investment in workspaces that will work for businesses, and the infrastructure, skills and knowledge that will

support the businesses occupying those spaces. If LBBB is going to prosper it needs to create work environments that attract businesses and skills that are becoming more footloose. Therefore, LBBB must embed quality economic activity as deeply as possible in the economy.

- 1.36 The central aim of the LBBB *Industrial Land Strategy* is to create and support the delivery of modern commercial stock capable of attracting growing, modern business by widening commercial uses in industrial locations. This will include office, studio, light industrial and storage space, retail / leisure all within or in proximity to mixed-use developments. This is about ensuring the resilience / quality / future proofing of these industrial areas. Consequently, consideration should be given to where industrial employment land can be redeveloped for E(g) class employment uses and co-location of uses with the provision of 'neighbour-friendly' office/studio type employment space and more often retail/leisure on the ground floor with residential above.
- 1.37 To deliver LBBB's critical role in providing a reservoir of SIL for the capital's needs and the use of SIL and LSIS to meet the changing needs of the local economy, then there is also a potential for such uses, including a mix of uses, to go on larger sites SIL sites such as at Dagenham Dock and in the Caste Green Box Lane area. Such areas will allow land for intensification and, if necessary, a suitable level of separation between less compatible uses.

Delivering LBBB's Industrial Land Strategy

- 1.38 Employment land policies will need to be flexible enough to allow rapid adaptation to economic change. London has shown that flexibility, and much of LBBB's growth chances and success will occur because it is flexible and adaptable; this applies to both its fabric and its communities.
- 1.39 To support the provision of employment premises appropriate to meeting LBBB objectives and the needs of growing sectors on a range of site types, Be First and the Borough Council should follow four key intervention principles.
 - Continue to raise the image of the area through proactive promotion. Also, target those companies from sectors that are priority targets for the area.
 - Encouraging the renewal of existing sites through industrial intensification and co-location by improving the image, landscaping and security of existing estates.
 - Particularly with the arrival of new residents, to assist small businesses to develop and grow through targeting information to help SMEs find suitable accommodation.
 - Through direct public sector interventions, encouraging the accommodation of specific property types on the focused sectors for growth within new developments.
- 1.40 In facilitating the transformation in LBBB, Be First could act as an overall development promoter with a sizeable capital injection or to selectively intervene to minimise the scale of capital required for land purchase and construction. This is likely to require a land budget for additional land purchases and a professional fee budget to secure planning and planning promotion agreements on other sites to secure the delivery of LBBB's *Industrial Land Strategy*.
- 1.41 Certainly, Be First and the Borough Council will need to build relationships with third-party funders and existing landowners to accelerate delivery and to lever funding from the private sector. Seeking a private sector partner for a joint venture (JV) to invest in, and improve, local authority owned industrial properties, land and estates would be practical.
- 1.42 With these interventions in mind, the LBBB *Industrial Land Strategy* has reviewed the potential for transforming the Borough's existing employment areas to deliver growth.

Dagenham Dock (part of the Dagenham Dock and Rainham SIL) and NDIS

- 1.43 This is the largest SIL area in LBBB, which along with its non-designated industrial sites covers some 219 ha and some 400,000 sqm of built floorspace, including over 230,000 sqm of industrial floorspace. In total, Dagenham Dock accounts for almost half all existing designated industrial land within LBBB, and slightly more than one-fifth of the industrial built space plus a substantial amount of industrial land in open storage (c.150,000 sqm) use. It currently has an exceptionally low employment land plot ratio of 19%, largely due to several vacant sites in addition to open yard storage spaces.
- 1.44 Of all the employment sites, Dagenham Dock has the largest potential, simply in terms of scale, the amount of open storage spaces and vacant land, to provide employment development. Large swathes of the Dagenham Dock employment area, notably the mostly vacant Ford Engine Room land, will provide enough space to accommodate industrial uses and big sheds without conflict with neighbouring uses. The strong anchor of the still operational Ford diesel engine plant also raises its scope to support forward progress in the manufacturing sector, for instance should Ford develop a business plan for electric motors within Dagenham.
- 1.45 The old power station site is to be developed to accommodate the relocation of the City wholesale markets, plus further development of waste management and sustainable power generation facilities. There are also opportunities for substituting industrial uses from other employment areas in LBBB, along with some intensification in Dagenham Dock, releasing land for amenity improvements.

Castle Green (part of Rippleside SIL)

- 1.46 Castle Green along with Box Lane forms the designated Rippleside SIL. It covers 71 ha, and with nearly 190,000 sqm of existing built floorspace (including 170,000 sqm of built industrial space), it is a substantial contributor to employment space within LBBB. There are some modern premises within Castle Green, but most are obsolete tertiary spaces that are likely to be generating inefficient uses. There are also several trade counter activities. Box Lane forms part (about 1/3) of the designated Rippleside SIL, and despite access to a rail head on the Channel Tunnel route with ongoing connections to Europe and Asia, the Box Lane site area is currently under-utilised.
- 1.47 New housing and associated uses within Castle Green are being promoted to support the transformation of this area. Alongside this and in line with market demand relating to the district centre and existing and new housing areas, there is potential to support a mix of hybrid uses within separate hubs, providing high quality workspaces that would be suitable for a range of occupier sizes. There is also scope to substitute some of the employment industrial uses into Dagenham Dock, or Box Lane if such uses relate to rail freight and have potential for intensification.
- 1.48 The Box Lane site should provide anchor facilities to further support industrial uses. With scope to substitute some of the employment industrial uses elsewhere in LBBB into Box Lane, along with the railhead potential for supporting strategic rail freight that has access directly to the rest of the continent via access on the channel tunnel rail link, and along with easy access to the A13 road that accesses central London and the M25 orbital motorway, this area offers a good location for industrial intensification. Its comparative advantages give this site potential for delivering an advanced logistics hub, attracting international businesses and accommodating smaller businesses within the hub. Box Lane also has scope for delivering an advanced modular manufacturing centre for construction (MMC) factory by building on LBBB's strong local construction sector.
- 1.49 It is estimated that some 17 ha with 3,000 sqm of industrial space could be released and/or substituted to better locations within LBBB, in order to accommodate industrial intensification. To achieve transformation within Castle Green, it is important to encourage the provision of E(g) class

type spaces. The remaining 54 ha should include intensively redeveloping industrial spaces and encouraging more hybrid office/studio spaces that are compatible with future residential investments within the local area. This level of redevelopment would be at a high plot ratio of 35%.

River Road SIL

- 1.50 The employment area along River Road, including Thames Road, the safeguarded wharves at Creekmouth and Kingsbridge, which combine to form the River Road designated SIL, plus the Lyons industrial park LSIS. These areas combined account for 94 ha of industrial land, with about 357,000 sqm of built floorspace, including some 350,000 sqm of industrial floorspace and open storage space. There are some modern premises, but most are tertiary spaces that are likely to be generating inefficient uses.
- 1.51 Some of the storage/warehousing units are obsolete and dilapidated, including a small number of underused and vacant units that may be primed for redevelopment. The proximity of public transport improvements at Castle Green and Barking Riverside suggests an eastern concentration of residential uses and a new pedestrian link between the three areas. The new residential-led neighbourhood coming forward within proximity to the area at Barking Riverside, which is expected to extend into Creekmouth to make the most of the River Roding and Thames, is likely to put increasing pressure on the employment development within this area. Combined with this is the GLA's recommendation that one of the safeguarded wharves (Welbeck) is to be released from its current safeguarded protection that will allow for alternative development.
- 1.52 To improve sustainability, economic growth and place transformation, the arrival of new residents and potentially with different skills, along with social infrastructure that includes new district centres within Barking Riverside and Castle Green, are likely to improve the SIL employment areas as locations for more modern, cleaner uses, such as storage and logistics, office, light industrial and hybrid uses. Such uses would potentially better co-locate with residential areas than many of the existing dirtier transport heavy uses that are supporting a low job density.
- 1.53 The overall employment area would benefit from a moderate amount (some 30 ha) of industrial land release to enable a industrial intensification, with mix of uses and co-location, including residential. The anticipated result is unlikely to result in any industrial floorspace loss.
- 1.54 It is suggested that through substitution of the B2/B8 uses with light industrial/hybrid uses, there is scope for more intensive development, and the potential for increasing the employment floorspace. At a typical plot ratio of 59%, this will maintain the existing quantum of employment and industrial floorspace for intensively developed industrial and hybrid type spaces, leading to more jobs.

Barking & the River Roding Area LSIS

- 1.55 Barking & the River Roding Area LSIS includes Gascoigne South and Hertford industrial designated LSISs. It includes 13.4 ha of land, which accounts for a minor share of the total employment land in LBBB. This land has 93,000 sqm of built floorspace, including 73,000 sqm of industrial space. The premises stock in this area offers a mix of modern, secondary and tertiary quality space.
- 1.56 It has the better potential for supporting the regeneration of the Gascoigne area rather than continuing to support employment uses that would be better located in Box Lane and Dagenham Dock SIL areas. Potentially, there is scope to benefit from more hybrid types of employment spaces to accommodate different uses/space types for modern growing sectors, but such uses are more likely to come forward in Castle Green or Hertford Road, which are ideal locations for co-locating such uses in or on the edge of the town and district centres.
- 1.57 It has the potential for absorbing the regeneration and growth branching from Barking Town Centre to the River Roding area. So, there are advantages in delivering intensification of industrial

uses, introducing hybrid modern workshop spaces linked with new housing delivery in the area, along with scope for relocating warehouse storage uses to Box Lane and Dagenham Dock SIL areas.

- 1.58 In moving to transformational change and growth, the Barking & the River Roding Area LSIS is likely to see a reduction in industrial land area from 13.4 ha to 5 ha, and with a potential loss of about 55,000 sqm of floorspace through substitution of space to other industrial locations within LBBB, particularly further south of the borough where sites are better served by the A13. Some of the industrial floorspace, which currently accounts for 73,000 sqm, would be substituted with E(g) class uses.

Dagenham East LSIS and NDIS

- 1.59 Dagenham East includes the Dagenham East designated LSIS and non-designated industrial site and the Wantz Road LSIS. It totals 36.6 ha of land, with almost 147,000 sqm of floorspace, including 140,000 sqm of industrial space.
- 1.60 Dagenham East is designated a part LSIS and mostly a non-designated industrial site (NDIS). It totals 20.2 ha of land, with almost 80,000 sqm of floorspace. Some of this space is in use for higher education wet-labs research, some for media and film studios, and some for generic standard offices/workspaces. Dagenham East is also known as Londoneast-uk Business and Technical Park and includes the former Sanofi site, where a strategic mixed-use development and the Business East Science and Technology (BEST) Park is currently under construction. It is estimated that the site has the potential for employment expansion, achieving an additional 60,800 sqm of floorspace at an increased density with a plot ratio of 70%. The two NDIS sites would benefit from being reclassified as LSISs, in line with the rest of Dagenham East.
- 1.61 The Wantz Road employment area, which includes the Wantz and Sterling Industrial Estates, is designated an LSIS. It covers around 15 ha with around 67,000 sqm of employment floorspace, mostly in B2/B8 uses. Most of the premises are tertiary, and therefore may not be fully utilised or optimally able to be used. The Wantz Road LSIS has scope for an intensification strategy, so that only E(g) class (offices, workspace, light industrial) uses are retained or re-provided. But given the existing uses providing local services, with good take up of the existing employment stock, the intensification of co-location of this site may happen in a later phase of redevelopments within LBBB, when Dagenham East starts to come forward and development opportunities land may become more scarce.

- 1.62 Overall, there could be a reduction of 7.5 ha of industrial land, and around 50,000 sqm of industrial floorspace, but with some growth in E(g) class uses, especially in the Dagenham East site area.

Chadwell Heath LSIS

- 1.63 Chadwell Heath is designated an LSIS. It covers around 30 ha with around 140,000 sqm of employment floorspace (including 130,000 industrial space) within the Chadwell Heath Industrial Area concentrated around Freshwater Road LSIS.
- 1.64 The quality and scale of the stock at Chadwell Heath vary from large modern distribution units to small scale workshop type units, along with smaller amounts of office, sui-generis and D1 uses. The mix reflects its location within a predominately residential area and proximity to the strategic road network.
- 1.65 The area will benefit from improved connectivity and journey times when the new Elizabeth Line station becomes operational in 2021. With this will be a strong demand for residential uses along with social infrastructure such as schools, community facilities and amenity spaces. The increased connectivity will also drive growth and inclusivity within the Borough, opening new opportunities to the existing population and improving the areas' proposition from the perspective of potential new residents and occupiers.

- 1.66 To improve sustainability, economic growth and place transformation, the provision of more hybrid types of employment spaces should be encouraged to accommodate different uses/space types for modern growing sectors such as a gaming and entertainment centre.
- 1.67 With such potential for transformative change, the bigger sheds and poorer neighbour industrial units would thrive better through substitution of premises from Chadwell Heath to the SILs in the south of the Borough that will have similar radial strategic route road access. Such locations include Dagenham Dock and, if rail related or with potential for intensification, then possibly Box Lane.
- 1.68 Through efficient use of the land there would be scope for no reduction of industrial space and an increase in jobs.

Phasing

- 1.69 In delivering such changes, there needs to be a long-term phased approach in releasing land and reviewing sites based on a plan, manage and monitor approach. In broad terms, this should include:
 - Short term (0 to 5 yrs) - progressing masterplans, industrial intensification and co-location within Chadwell Heath, Thames Road and Wantz Road, and focusing on Dagenham Dock's scope for future intensification of land uses alongside the delivery of the London City Wholesale markets. Dagenham East to be promoted for further economic clustering around its film studios and education/research facilities.
 - Medium term (5 to 10 years) - progressing masterplans, industrial intensification, substitution and co-location within Castle Green, Box Lane, River Road and Creekmouth, Hertford Road, Gascoigne South, and the rest of Wantz Road.
 - Long term (10+ years) – to focus on masterplanning for industrial intensification and co-location within Castle Green, and industrial intensification within Box Lane and Dagenham Dock SIL, River Road and Creekmouth, and Kingsbridge.

Proposed Changes

- 1.70 Based on the review of the core employment areas, the proposed transformational changes in the employment land, floorspaces and capacity for jobs in LBBB are summarised in **Table 1**. Through an intelligent use of industrial land, it would be possible to reduce the amount of industrial land by 103 ha while increasing the amount of industrial floorspace by more than 30,000 sqm, and the amount of all types of employment generating floorspace by almost 70,000 sqm.
- 1.71 As shown in **Table 1**, the efficient use and release of employment land within these core employment areas has scope to increase the number of industrial workplace jobs by more than 800. In total, it is estimated that overall use of floorspaces supporting jobs within these employment areas could support an additional 2,300 jobs within LBBB³.
- 1.72 Should some of the remaining existing industrial spaces also be substituted with E(g) class uses, in line with changing local needs, then a conservative substitution of just 2% has the potential to increase the number of local jobs by 3,500. A substitution of 10% of the remaining existing industrial spaces to E(g) class spaces, has the potential to increase all jobs within these employment areas by some 9,000 workplaces before including all the other jobs normally founded in the service sector such as health care, education and town centre retail in other locations. Therefore, the need for the right time of space and the right uses of space is important in LBBB.

³ Based on the CAG, London Employment Sites Database 2017, for the GLA, Table 3.3.

- 1.73 Overall, the proposed transformational changes will have the benefit of delivering the right types of spaces to meet the demand that will help to support delivering more jobs in LBBB. The transformation would also generate wider benefits through freeing space to support the delivery of local housing, social infrastructure, better public realm and open spaces, which will combine to move LBBB's regeneration forward.

Table 1 Proposed changes to the core employment areas

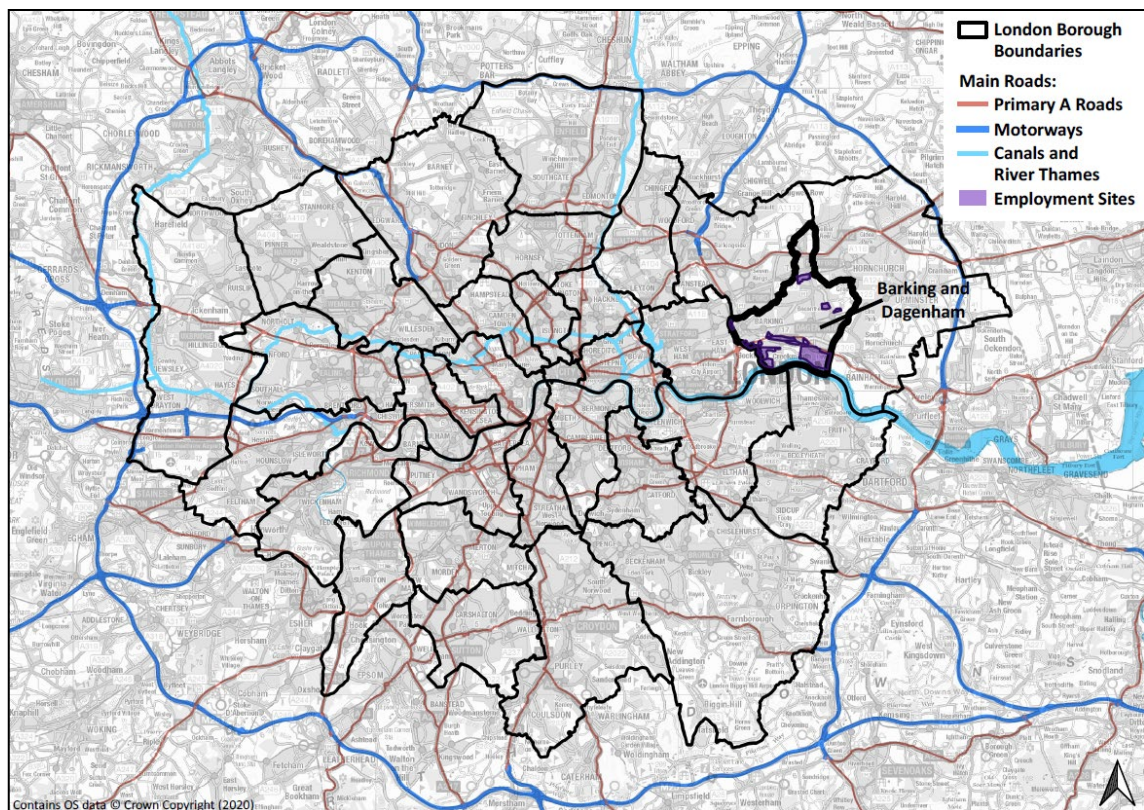
	Ha (net)		Plot ratio (all floorspaces)		Industrial floorspace (sqm)		No. of industrial jobs	
	Existing	Future	Existing	Future	Existing	Future	Existing	Future
Dagenham Dock	219.2	194.6	19%	23%	233,931	273,058	6,498	7,585
Castle Green	71.0	54.3	27%	35%	179,532	179,532	4,987	4,987
River Road	93.9	60.1	38%	59%	348,628	350,000	9,684	9,722
Dagenham East	36.6	29.3	40%	57%	140,731	163,358	3,909	4,538
Barking & the River Roding Area LSIS	13.4	7.4	69%	51%	73,183	19,564	2,033	543
Chadwell Heath	30.0	15.5	46%	134%	130,683	150,600	3,630	4,183
Total	464	361	29%	39%	1,106,688	1,136,113	30,741	31,559
Change (no.s)	-103		10%		29,424		818	
Change (%)	-22%		35%		3%		3%	

2 Introduction

The Industrial Land Strategy

- 2.1 The emerging *London Plan* (Intend to Publish, Dec'19) identifies the greatest scope for strategically coordinated plan-led consolidation of Strategic Industrial Locations is in the Thames Gateway, particularly in the boroughs of Newham and Barking & Dagenham. As such, the London Borough of Barking & Dagenham (LBBD) is one of only three London boroughs identified by the Greater London Authority (GLA) for limited release of its industrial land. The GLA's *London Industrial Land Demand Study* (CAG Consultants, 2017) identifies the potential release of 30.1 ha, and the GLA concurs that this is an appropriate benchmark for the Borough.
- 2.2 As shown in **Figure 2.1**, the LBBD is located to the east of London, with good access to the strategic road and public transport networks that links central London's activity zone with the M25 and beyond. Its location has been part of London's industrial heartland within east London, along the River Thames.

Figure 2.1 Location within London of LBBD and its core employment areas



- 2.3 LBBD has 464 ha of strategic and local industrial land within 12 core employment areas, which are part of six proposed policy designated areas shown in **Figure 2.2**. These areas include 348 ha designated Strategic Industrial Locations (SILs), 68 ha of Locally Significant Industrial Sites (LSIS), plus 48 ha contiguous with the Dagenham Dock SIL and Dagenham East LSIS of non-designated industrial sites (NDIS). All three types of sites are shown on the map in **Figure 2.3**.⁴

⁴It should be noted that there are many other employment locations that are supporting local businesses within LBBD, which are not shown in **Figure 2.2** or considered in this Industrial strategy due to their scale.

- 2.4 The prime focus of this strategy is on these six proposed policy designated employment areas, which together contain almost 1.34 million square metres of commercial floorspace, with 66% of this floorspace being located within the SILs and 25% within the LSIS. Most of the occupied employment areas currently accommodate service activities, light industrial uses and storage, and trade counters, which all serve the local and London-wide markets.
- 2.5 But much of the spaces within these core employment areas are becoming unfit for modern purposes, with existing stock that is, generally, too old, the wrong specification and wrongly sized to support efficient business operations. Consequently, this is reducing LBBD's potential for employment growth (as forecast by the GLA) and contributing to maintaining LBBD's high level of social and economic deprivation.

Figure 2.2 Location of LBBD's six employment areas

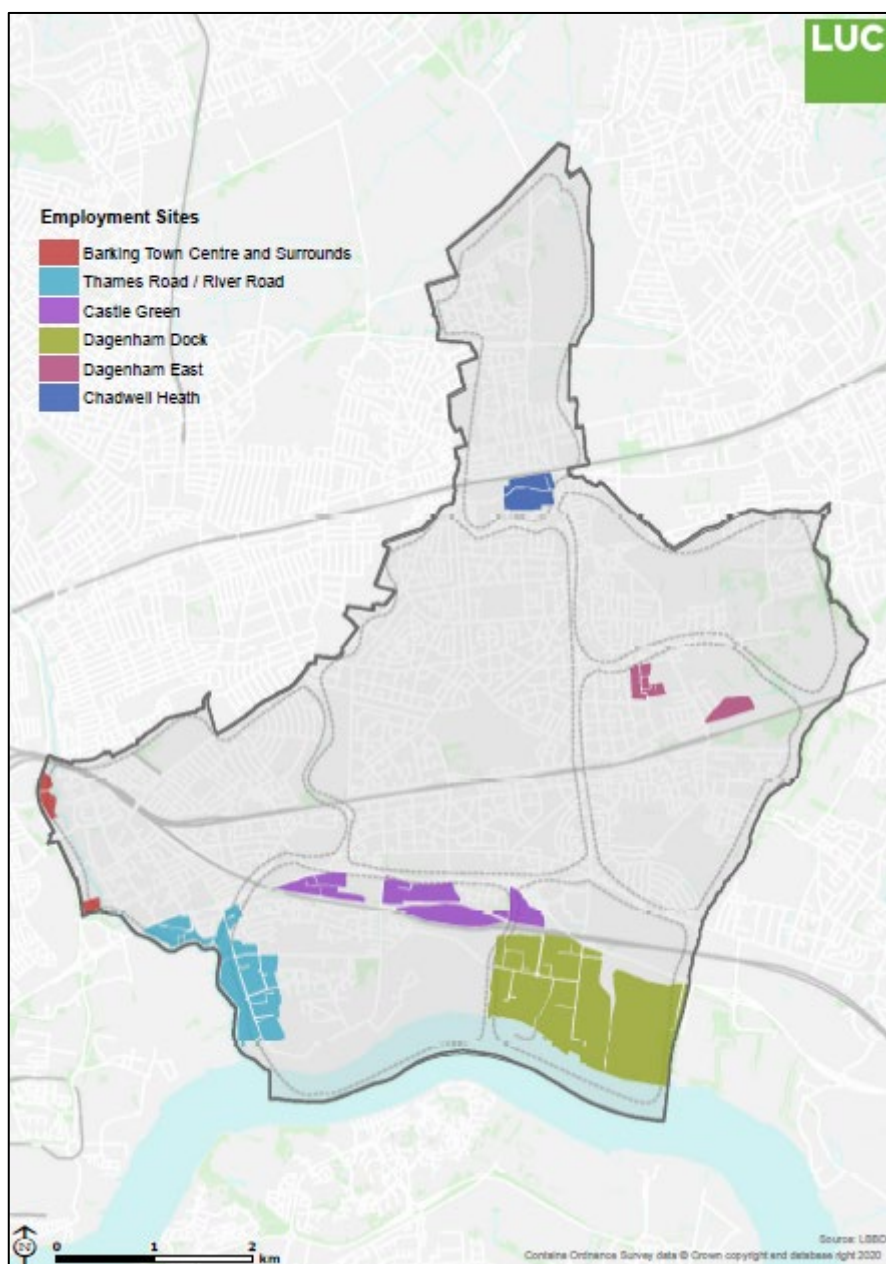
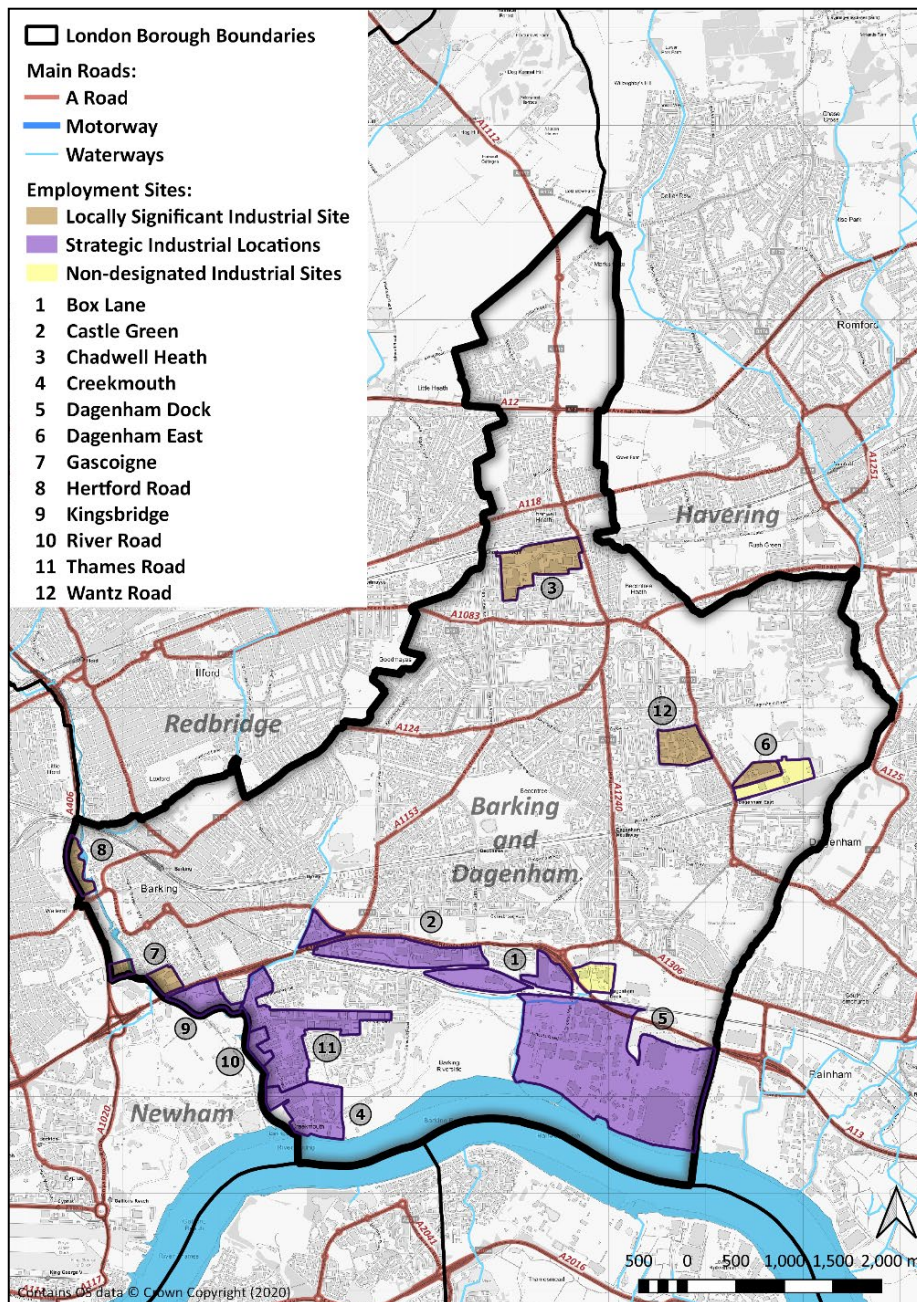


Figure 2.3 Location of LBD's core employment estates



The Aim of LBD's Industrial Land Strategy

- 2.6 LBD's aspirations are far more ambitious than the simple targets for limited release of industrial land that is in the Intend to Publish *London Plan*. This is reflected in the *LBD Borough Manifesto*, which sets out a vision that by 2037 LBD will be a place where every resident has access to lifelong learning, employment and opportunities, and where businesses and communities grow and thrive.
- 2.7 Consequently, rather than an incremental change, this *Industrial Land Strategy* is seeking to facilitate long term transformational change in the Borough's social and economic landscape. The Borough is seeking to justify an intelligent use of its industrial land through its ambition to deliver better places for employment and growth. This is to be facilitated by the consolidation, substitution inside and outside the brough, and change of land uses on its industrial land,

generating mixed use neighbourhoods and residential-led developments through co-location and industrial intensification, along with supporting economic clusters. Related objectives are to enable the utilisation of vacant industrial sites while making the best use of land in line with the established economic aspirations and strategies for the borough.

- 2.8 The aim of this *Industrial Land Strategy* is therefore to identify improvements in LBBD's existing employment areas so that industrial operations and other forms of employment uses can function more efficiently and effectively. As such, this *Industrial Land Strategy* is for guiding LBBD's employment land policies and site allocations that are appropriate to the emerging LBBD *Local Plan* and other strategic development initiatives.
- 2.9 The *Industrial Land Strategy* draws information and data from the Be First's and LBBD's existing evidence bases to provide a comprehensive underpinning for an *Industrial Land Strategy*. In this regard, the rest of LBBD's *Industrial Land Strategy* is set out as follows:
- **Chapter 3** reviews the national and regional policies, strategies and guidelines that are used for guiding and informing LBBD's *Industrial Land Strategy*. A more detailed review is provided in **Appendix A**.
 - **Chapter 4** reviews the current working context for LBBD's *Industrial Land Strategy*. This includes a review of the current socio-economic conditions and the property market in LBBD to help inform the objectives of employment land policy.
 - **Chapter 5** considers future demand and the need for different employment spaces and locations, including a review of the changing market for employment space. This is to consider the implications of LBBD's future when planning for employment space.
 - **Chapter 6** assesses the potential for employment delivery based on an assessment of LBBD's main employment areas in terms of their current characteristics, broad market and deliverability potential. A more detailed review of employment areas is provided in **Appendix B**.
 - **Chapter 7** identifies the interventions that may be required for delivering sites for employment activities to meet the identified requirements within LBBD that will help transform the Borough's economy.
 - **Chapter 8** considers the impacts of these changes in terms of achieving transformational growth within LBBD.

3 Strategic Context

Introduction

- 3.1 This chapter summarises the local and strategic context for LBBD's economy, identifying top-down and bottom-up drivers of future change and growth. This is important because it establishes the local strategic context in which LBBD will evolve for years to come. It looks at the relevant national, regional and local context in terms of spatial economic policy and the strategic guidance to identify economic drivers that should define the employment land objectives for LBBD's *Industrial Land Strategy*.
- 3.2 An expanded review of each of the strategic documents is also included in **Appendix A**.

National Context

National Planning Policy Framework (NPPF)

- 3.3 The NPPF was first published by the Government in 2012; a new draft was released for consultation in 2018, and a final revised version was published in 2019.
- 3.4 Para 7 refers to achieving sustainable development. To ensure that sustainable development is pursued positively, at the heart of the Framework is a presumption in favour of sustainable development. Para 1 states that plans and decisions should apply a presumption in favour of sustainable development. For plan-making this means that:
- a) plans should positively seek opportunities to meet the development needs of their area, and be sufficiently flexible to adapt to rapid change.*
- 3.5 Chapter 2 identifies economic objectives is, looking for net gains under this objective by seeking:
- "...to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure".*
- 3.6 The role of local planning authorities in proactively planning to meet the development needs of businesses is identified, and Para 81 states that planning policies should:
- set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration.*
- 3.7 Para 82 notes that planning policies and decisions should recognise and address the specific locational requirements of different sectors.
- 3.8 Para 119 deals with bringing land forward. It states that local planning authorities, and other plan-making bodies, should take a proactive role in identifying and helping to bring forward land that may be suitable for meeting development needs.
- 3.9 Para 120 states that planning policies and decisions need to reflect changes in the demand for land.
- 3.10 As discussed in **Chapter 4** of this *Industrial Land Strategy*, it is clear that the property market within LBBD has not been keeping pace with broader changes in the economy. LBBD's *Industrial Land Strategy* therefore addresses Para 120 with policies and decisions to reflect changes in demand, by making land available that will provide the jobs and skills needed in the future.

National Planning Policy Guidance (NPPG) - Housing and Employment Land

- 3.11 The Guidance states that the primary objective of assessing development need is to:
- "...identify the future quantity of land or floorspace required for economic development uses including both the quantitative and qualitative needs for new development; and provide a breakdown of that analysis in terms of quality and location, and to provide an indication of gaps in current land supply".*
- 3.12 The current study meets this objective, and the need assessment should address the quantity of economic development floorspace based on quantitative assessments and also on an understanding of the qualitative requirements of each market segment.

Assessments of need

- 3.13 Emerging employment sectors in the area should be encouraged and planned for where possible. Market segments should be identified so that need can be identified for the type of employment land advocated. The available stock of land should be compared with the particular requirements of the area so that 'gaps' in local employment land provision can be identified. LBBB's *Industrial Land Strategy* directly addresses this guidance on needs assessment.
- 3.14 Guidance refers to the need for borough councils to make sure that the economic forecasts that they rely on account for the locally distinct employment conditions, which may differ from national economic trends. Overall, the Guidance provides LBBB with clear direction in terms of linking anticipated business and employment forecasts with policies for land use planning. LBBB's *Industrial Land Strategy* addresses this guidance directly.

The Government's Industrial Strategy

- 3.15 In November 2017, the Government published its *Industrial Strategy White Paper*. This set out five foundations of productivity, in terms of Ideas, People, Infrastructure, Business environment and Places. The latter two points are particularly pertinent to what the LBBB *Industrial Land Strategy* is seeking to achieve. LBBB's *Industrial Land Strategy* has an opportunity to fully address the five foundations of productivity and to develop sector-specific objectives in areas such as waste management, clean growth and logistics.

Regional Context

The Intend to Publish London Plan

- 3.16 The latest iteration of the *London Plan* is the Draft *London Plan* – Intend to Publish version (December 2019), from which the following references are taken. The Intend to Publish *London Plan* emphasises the importance of "Good Growth", which is *"...growth that is well planned and sustainable. It is growth which preserves and enhances the city's integrity for future generations and improves the quality of life for Londoners"*.
- 3.17 It suggests that economic growth should not be pursued simply as an end in itself, and that growth should be planned *"...on the basis of its potential to improve the health and quality of life of all Londoners, to reduce inequalities and to make the city a better place to live, work and visit"*.
- 3.18 The Intend to Publish *London Plan* notes how London depends on a wide range of industrial, logistics and related uses to keep the city functioning and consequently *"...addresses the need to retain sufficient industrial, logistics and related capacity by seeking, as a general principle, no overall net loss of industrial floorspace capacity across London in designated SIL and LSIS."*

- 3.19 The Intend to Publish *London Plan* then translates its socio-economic objectives into a series of policies, which provides detailed guidance on SIL/LSIS around creating mixed-use places that make the best use of land. The more relevant of which for the LBBB *Industrial Land Strategy* are the following policies:
- 3.20 **Policy E4 Land for industry, logistics and services** to support London's economic function aims to secure a sufficient supply of land and premises in different parts of London to meet current and future demands for industrial and related functions. The Plan addresses the need to retain sufficient industrial, logistics and related capacity by seeking no overall net loss of industrial floorspace in London's SILs and LSIS.
- 3.21 **Policy E5 Strategic Industrial Locations (SIL)** aims to protect and intensify use on defined SILs. In particular, it advocates innovations to make more effective use of land in SILs, which should be explored in Local Plan reviews and Opportunity Area Planning Frameworks. LBBB has a critical role to perform in providing a reservoir of suitable SIL for the capital's needs.
- 3.22 **Policy E7 Industrial intensification, co-location and substitution** seeks to actively encourage planned intensification and more efficient use of industrial land in selected parts of SIL or LSIS, which can be intensified to provide additional industrial capacity and/or to support the delivery of residential and other uses.
- 3.23 Other relevant policies are about creating successful mixed-use places that make the best use of land; conserving and enhancing London's global economic competitiveness and ensure that economic success is shared amongst all Londoners; supporting the provision of employment space of different types, uses and sizes, especially low-cost employment space for SMEs and affordable workspaces; and promoting inclusive access to training, skills and employment opportunities for all Londoners.
- 3.24 The LBBB *Industrial Land Strategy* aims to achieve such ambitions but rather than adhering to simple land use targets, it is seeking to transform redundant land and buildings in LBBB into productive resources. Its purpose is to lift the levels of poverty and deprivation above their current under-performing levels by improving employment and economic opportunities for all by making available the land and buildings to support the businesses most likely to provide access to skills and training.

Regional Guidance

- 3.25 **GLA (2018) Industrial Intensification and Co-location Practice Note** As noted, the Intend to Publish *London Plan* Policy E7 supports the intensification of industrial uses within Strategic Industrial Locations (SIL) and Locally Significant Industrial Sites (LSIS) to make better use of land and to strengthen their role in supporting growth in London's economy and population.
- 3.26 **We Made That (2018) Industrial Intensification and Co-location: Design and Delivery Testing** The work concluded that there is a wide range of options available to the public sector with a variety of associated risks and rewards. Public sector bodies will need to carefully consider the role that they wish to play in supporting the intensification of industrial premises.
- 3.27 **GLA, TfL, Barking and Dagenham and Havering Councils (2015), London Riverside Opportunity Area Planning Framework** puts forward strategies to guide the regeneration to maximise the public benefit to Londoner's. It looks at land use including industry, housing and connectivity, and the interventions that will be needed to facilitate change. This includes encouraging and facilitating the consolidation and intensification of the industrial districts in LBBB at River Road and Dagenham Dock employment areas; integrate sites including employment and new residential along the River Roding and at Barking Riverside.

- 3.28 **GLA (2012) Land for Industry and Transport supplementary planning guidance (SPG)** provides early guidance on the implementation of policies relating to land for industrial type activities and transport in the Mayor's London Plan (2011). It seeks to bring forward the most attractive sites while managing release of strategically surplus capacity to other uses. It guides plans on shifting industrial sectors towards supporting efficient and sustainable land supply for sectors including logistics, environmental industries, transport functions, wholesale markets and some creative industries, which are all relevant to LBBB. Land released must also be re-used to meet key priorities including housing and appropriate mixed development.
- 3.29 **Mayor of London's Safeguarded Wharves Directions (2000)** Within LBBB, there are 11 wharves that are safeguarded by these Directions, which require that the Mayor is consulted prior to the granting of planning permission. As part of the Mayor's **Safeguarded Wharves Review 2018-19**, Welbeck Wharf on the River Roding within the River Road SIL in LBBB is being recommended for removal of its safeguard status.

Evidence Informing the Draft London Plan and Guidance

- 3.30 To identify the rationale behind the GLA's specification for no net loss of employment floorspace within the Borough, the evidence prepared for the GLA has been reviewed and summarised here. These are principally guided by the following documents.
- 3.31 **CAG Consultants (2017) London Industrial Land Demand Study** The London Industrial Land Demand Study (LILD) notes that industrial land in London is under pressure given the high demand for housing land and the higher land values that residential development normally commands compared to industrial. The LILD research identified a positive net demand for industrial land in London over the period 2016 to 2041.
- 3.32 **GLA (2018) Thames Estuary Production Corridor: An Industrial Vision to Create a World-class Location for the Creative Industries** Achieving this vision will require a very significant investment, but many of the conditions are there. There is ready-and-waiting industrial land, a skilled workforce, a network of research centres, improved connectivity and transport links.

Local Strategic Context

Barking and Dagenham Together - Borough Manifesto

- 3.33 LBBB has set out its long-term objectives for the Borough, running over 20 years between 2017 and 2037. Its vision is to be London's Growth Opportunity with 50,000 new homes, 20,000 jobs and large-scale regeneration. It is looking to support its residents' aspirations to flourish as individuals and as families, and for residents to choose to stay in the Borough and to be able to afford to do that. These are aspirational objectives that represent a transformational change to the Borough's economy. LBBB's *Industrial Land Strategy* seeks to support these aims by, itself, supporting transformational change. More of the same, in terms of land markets, will not be adequate to meet LBBB's social and economic objectives.
- 3.34 But there is one area where the Borough Council, as the principal planning authority, and Be First, as the Borough Council's development agency, can influence and facilitate growth to work towards meeting local economic development. This is in making the right land available that businesses and investors want to deliver.

The Emerging Barking and Dagenham Local Plan

- 3.35 At the time of preparing the LBBB *Industrial Land Strategy* in September 2020, LBBB's Draft Local Plan 2037 Regulation 19 Consultation Version was available. The underlying vision of the Draft Local Plan is that by 2037, LBBB will "...harness the growth opportunity that arises from our people,

our land and our location, while ensuring it is sustainable and improves prosperity, wellbeing and participation for all”.

- 3.36 The Draft *Local Plan* identifies a set of objectives to grasp the opportunities to support economic growth, which includes focusing on reconfiguring land use, including residential and economic development based on:
- **Policy SP 5:** Promoting inclusive economic growth – is seeking to to strengthen and intensify the Borough’s extensive and underutilised SIL and LSIS by avoiding vacant or under-utilised buildings and spaces by encouraging and supporting the provision of flexible, affordable, modern employment spaces in suitable locations; designing employment space for flexibility and adaptability for changing needs of different types of potential user, and with the rationalisation or relocation of Safeguarded Wharves.
 - **Policy DME 1:** Utilising the Borough’s employment land more efficiently - supporting development delivering employment floorspace that are suitable for broad industrial-type activities; achieves no net loss of industrial floorspace capacity (but with some exceptional circumstance); retains and intensifies use of industrial floorspace; and provides a mix of unit sizes to respond to market demand and occupier requirements. Also, on employment sites outside of SIL and LSIS, the Borough Council’s preference is to resist development proposals that would result in the net loss of viable employment floorspace, particularly affordable and low-cost workspace.
 - **Policy DME 2:** Providing flexible, affordable workspace - sets out criteria that would encourage the provision of affordable workspace within developments for new employment.
 - **Policy DME 3:** Encouraging vibrant, resilient, and characterful town centres.
- 3.37 During the development of the LBBB *Local Plan*, the Council/BeFirst will be undertaking a range of studies, including retail, housing, environment, transport and conservation, infrastructure, viability to inform policy development which may also impact employment policies.

Conclusions

- 3.38 In summary, at the national level, the NPPF encourages a practical, pro-business and pro-development approach to planning industrial land. Its guidance identifies how to produce an employment and industrial land review, and rather than simply being target-based, the Framework suggests a more nuanced approach that recognises local economic circumstances and the need for balanced, mixed use approaches. Also, the Government’s Industrial Strategy is supportive of a more intelligent approach to land use planning, linking innovation with people (skills) with infrastructure, business and place-making.
- 3.39 While at a London level, the guidance and evidence base suggests that across London industrial activities decreasing, and the Intend to Publish *London Plan* offering a simple target-based approach to addressing these changes. But land use planning that is simply target-base, will not be successful in helping to achieve the transformative change that the Borough is seeking to effect.
- 3.40 More of the same will be inadequate to address major social and economic disadvantages; and land use planning requires a more sophisticated approach to meet the challenges of long-term structural change in the economy and to ensure that the Borough maintains a strategic role in supporting the London-wide economy. It is these ambitions that the *Borough Manifesto* and Draft *Local Plan* are or will be striving to achieve in reducing unemployment and increasing people’s skills to match them with better jobs. This *Industrial Land Strategy* needs to work in facilitating the appropriate delivery of LBBB’s employment sites to meet these objectives.

4 Local Economic Context

Introduction

- 4.1 This chapter provides an insight into the current LBBD economy in terms of how well it is performing to inform the employment land objectives of the *Industrial Land Strategy*. It considers the current - or baseline – economic position in LBBD by reviewing:
- Key local planning policies and economic objectives;
 - Socio-economic baseline conditions and trends; and
 - The commercial property baseline conditions and market trends.
- 4.2 This information is important for understanding how well or badly the local economy is performing, how well or badly off the working residents are, and where there are opportunities for job growth and greater prosperity that should inform future employment land strategies and policies within the Borough.
- 4.3 The property market profile also helps inform future employment land strategies and policies by showing what kinds of land and property that different types of business occupiers want, and helps to gauge the market delivery of different kinds of employment development and any requirements for market interventions resulting from local market failures.

Local Economic Context

The Workplace Economy

- 4.4 The fundamental driver of employment change in London over the past three decades has been the shift from a large manufacturing economy to a mostly service-based economy. Manufacturing employment has shrunk by two thirds, to be replaced by new jobs in business, financial, leisure and other services.
- 4.5 While the decimation of British manufacturing jobs and the shift towards an office economy had been underway for some time, in 1990-91, the number of maker economy jobs was exceeded by office economy jobs for the first time. In short, more people were going to an office each day than were going to a factory. Since 1990, 'office economy' jobs have risen from 5.5m to 9.3m nationally, while 'maker economy' jobs have shrunk from 5.5m to 3.1m. The national switchover was particularly acute in London. Since 1990, maker jobs in London have shrunk from over 300,000 to less than 130,000.
- 4.6 With 55,000 jobs, which is the lowest of London's boroughs, LBBD has provided one of the most resilient areas of manufacturing in London, not least through the presence of Ford Motor Company. The latest employment data⁵ released by BRES show that, in 2018, manufacturing continued to account for a large proportion of the jobs, with some 4,500 jobs, or 8% of the workforce, compared to the rest of Outer East London with 4% and London with 2.2%. But even this resilience has weakened in more recent times. The closure of Ford's vehicle manufacture operations and replacement with a new diesel engine plant, which reduced employment at the plant, was a particularly heavy blow.

⁵ Business Register and Employment Survey (BRES) 2018, Released by the ONS 2019.

- 4.7 LBBB has always had an economy based on manufacturing. Clearly, in recent years, the decline in this sector has caused the overall economy to grow more slowly than other parts of London. Within this overall decline in industrial activity, LBBB has experienced growth in employment in many new service-based sectors in recent years, albeit that this has not included the corporate office sector. LBBB's *Industrial Land Strategy* seeks to address the economic drivers of this new growth, foresee what form it will take and provide the appropriate quality and quantum of employment land and buildings.
- 4.8 Of the current total 55,000 jobs in the Borough, most are now found in 'Business administration & support services' (14.4%), 'Education' (12.6%), 'Health' (9.0%) and 'Retail' (9.0%). Much of the reduction in heavy industry has been replaced with lighter and lower density 'industrial' activity, together with transport, storage and communication operations. These newer activities have been attracted by the LBBB location between London and the rest of the UK with excellent transport links into London and out into the country and abroad.
- 4.9 Compared with London, there is a much greater proportion employed within 'Manufacturing' (8.1% vs 2.2%), 'Motor trades' (2.3% vs 1.8%), 'Wholesale' (8.1% vs 3.0%) and 'Transport & storage' (8.1% vs 4.0%). Conversely, there are smaller proportions employed within 'Financial & insurance' (0.9% vs 7.0%), 'Professional, scientific & technical' (3.6% vs 14.1%), 'Information & communication' (2.7% vs 7.9%) and 'Property' (1.1% vs 2.8%).
- 4.10 A relatively small proportion of the Borough's jobs are characterised as 'Office-based' (14%). Instead, a larger proportion (32%) are characterised as 'Industrial'. Almost half of the 'Industrial' sector jobs are within 'Logistics' (14%), which is a large employer locally compared to London and the national average. 'Manufacturing' (8%) and 'Building trades' (6%) comprise much of the rest.
- 4.11 Capital investment within all these sectors has historically created a real income rise, which has led to new employment opportunities arising in new areas of the economy. But one of the benefits of growth in these that may also be a potential threat to LBBB's economy, which is through structural changes brought by automation. Some of the sectors in which LBBB has a high representation of employment are likely to be exposed to these changes, however there is no certainty about how these changes will play out in practice.
- 4.12 High value activities are part of the knowledge-based economy, and as such are considered a key driver of productivity and economic growth, by spreading technical progress and efficient business methods. Those employed within knowledge-based industries account for 12% of the total employees within LBBB. While this is much lower than the 33% employed in these sectors in London, and 20% nationally, compared to data from 2015 there has been growth in this sector and LBBB has outperformed the London and national comparators in its relative increase in R&D activity. In particular, the delivery of the LBBB's Dagenham East employment area is likely to facilitate this further.
- 4.13 Also, there has been a shift towards a greater predominance of small and medium-sized businesses within the Borough; today just under 7,000 enterprises located in LBBB account for just over 1% of the total in London. While this is a relatively small proportion, the number has more than doubled since 2010, at a rate that has outpaced London and national figures.
- 4.14 The proportion of jobs typically occupying offices, industrial and warehousing premises in the Borough (i.e. defined as 'employment space' jobs⁶) has remained relatively constant since 2000, representing between 40% and 51% of all jobs in LBBB. These employment space jobs peaked at 29,120 in 1998 and their share declined by around one-quarter of this in recent years. During this

⁶ Previously known as B-space jobs based on the old 1987 land use classification.

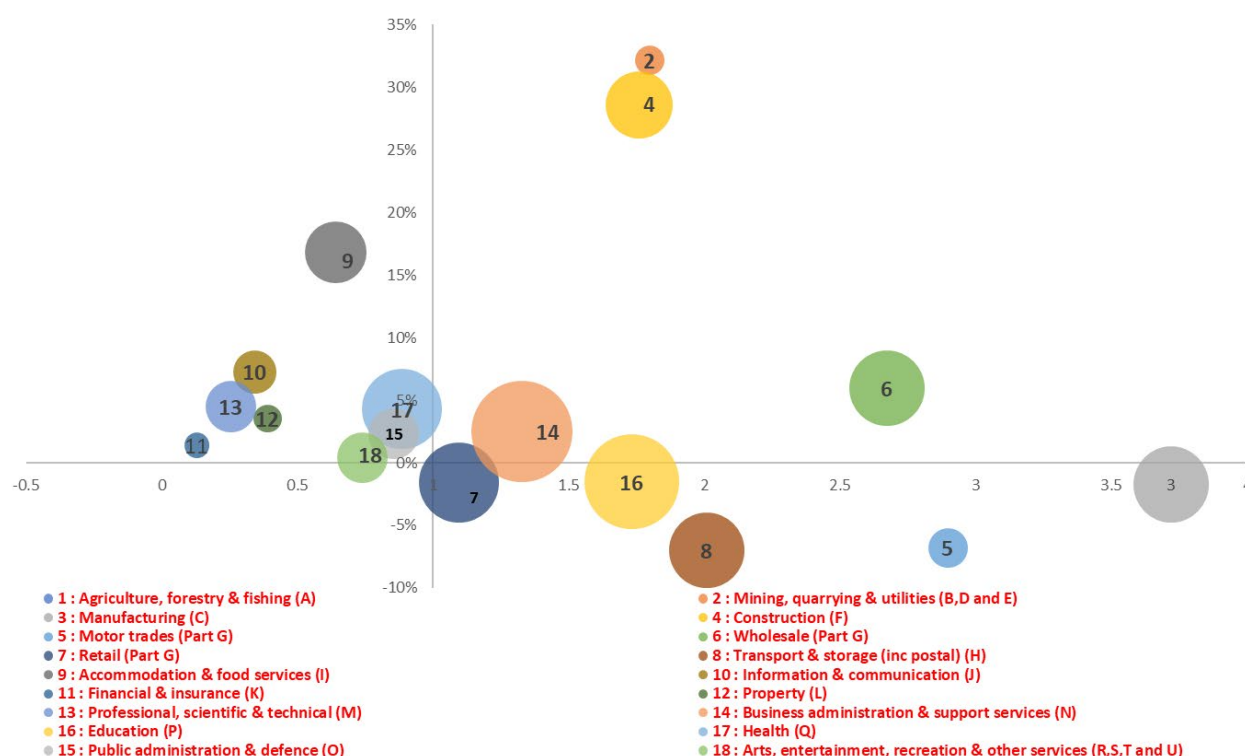
period, office jobs have remained relatively constant with an increasing, albeit relatively small proportion, of all employment space jobs.

4.15 **Figure 4.1** illustrates LBBB's economy using Location Quotient (LQ) analysis that considers historical growth in jobs in LBBB compared with the London level over 2015-18. An LQ greater than 1 point to some degree of specialisation in the local economy. The higher the LQ, the stronger the specialisation. The size of the bubble is proportional to the size of the sector in terms of jobs.

4.16 The chart can easily be read in quadrants.

- In the North East quadrant are sectors that are strongly represented in the local economy and have been growing in London. They drive the local economy. The key sectors in LBBB, which are well represented, large and have experienced recent growth at the London level, are Utilities, Construction, Wholesale and Business Administration & Services.
- In the North West quadrant are sectors that have grown in London but are poorly represented in LBBB. They are sectors where some policy support may prove useful, and include Accommodation and Food Service, and mainly office type employment in Information and Communication, Professional, Scientific and Technical.
- In the South West quadrant are sectors that have been declining and account for few jobs in LBBB. These are sectors of little interest in terms of economic policy as they represent a small and shrinking number of jobs. This is not a problem because LBBB has no jobs in these sectors.
- In the South East quadrant are sectors that have been declining across London but in which the local economy retains a significant presence. The most significant of this is in Transport and Storage, and Motor Trades, which the LBBB should avoid facilitating too much local growth in these sectors by providing sites that would cater only to them.

Figure 4.1 Sector Representation in LBBB and Sector Growth within London



Source: Derived from Business Register and Employment Survey

- 4.17 The degree of exposure that LBBD's economy has to growing sectors is likely to influence future growth rates, although it is not possible to be sure how the economy of the future will perform: economic modelling is poor at picking up discontinuities. Further disruptive changes could be on the way, not least with the potential impact of Brexit and the recent stochastic shock from the coronavirus. Any developing action plan and future land use planning need to emphasise the agility to cope with rapid changes in market conditions, and the importance of equipping businesses and workers to cope with rapid regional, national and global change.

The Resident Labour Supply

- 4.18 The GLA 2016-Based Demographic Projections (2019 figures) estimates that there are approximately 215,000 LBBD residents. This equates to approximately 2.5% of the London total, and 19% of East London. The GLA data indicates that LBBD has a 63% working age population, which is substantially lower than the London average of 68%. Further to this, the proportion of economically active residents in LBBD was 75%, a figure notably lower than the London (78%) and the national (79%) profile, and data from 2011 indicates that while economic activity rates have increased in LBBD, this has not been at the same rate as the London and national level. To compound the problem further still, unemployment in LBBD has historically been far greater than the London and the national averages, although this has halved in the past two and it is now around the London average; although hotspots remain in some wards and among some ethnic groups.
- 4.19 The latest data⁷ on skills identify that Borough residents have a lower skills profile in comparison to London and nationally, showing a lower proportion at each qualification category. The latest data (2018/19) show that the proportion of residents without qualifications is far greater in LBBD compared to the rest of London. Less than a third are qualified to NVQ4+ level compared to more than half across London and 38% nationally. While 20% have no or basic level qualifications, and local people are disproportionately likely to be employed in unskilled jobs, with only 18% of LBBD's working age population in managerial or professional jobs (compared to nearly 40% in London as a whole). As a result, wages are low, with the median average earnings 28% below the London average - the lowest of any London Borough. Also, since 2014/15 the proportion in higher skilled occupations has fallen in LBBD and has increased in London.
- 4.20 The Borough also performs poorly in terms of productivity, which is likely to reflect on local earnings. Thus, while its GVA per worker, at £24,600, is higher than other Outer East London centres such as Redbridge and Havering, it falls well below comparator economic centres within Greater London including Newham (£56,250), Outer East London (£45,100), Outer London (£41,820) and Greater London (£56,970).
- 4.21 Lower skilled and production jobs are among the most at risk from automation and artificial intelligence. As such technologies increasingly spread into more facets of work, then given the jobs profile described above, LBBD residents might be at a disproportionate risk. There is, therefore, a major issue around skills, training, and the attraction and retention of suitable jobs.

The Performance of the Economy's Workplace and Labour Supply

- 4.22 LBBD's *Growth Strategy 2013-2023* sets out the extent of the challenges facing the Borough, which are identified as including the following:

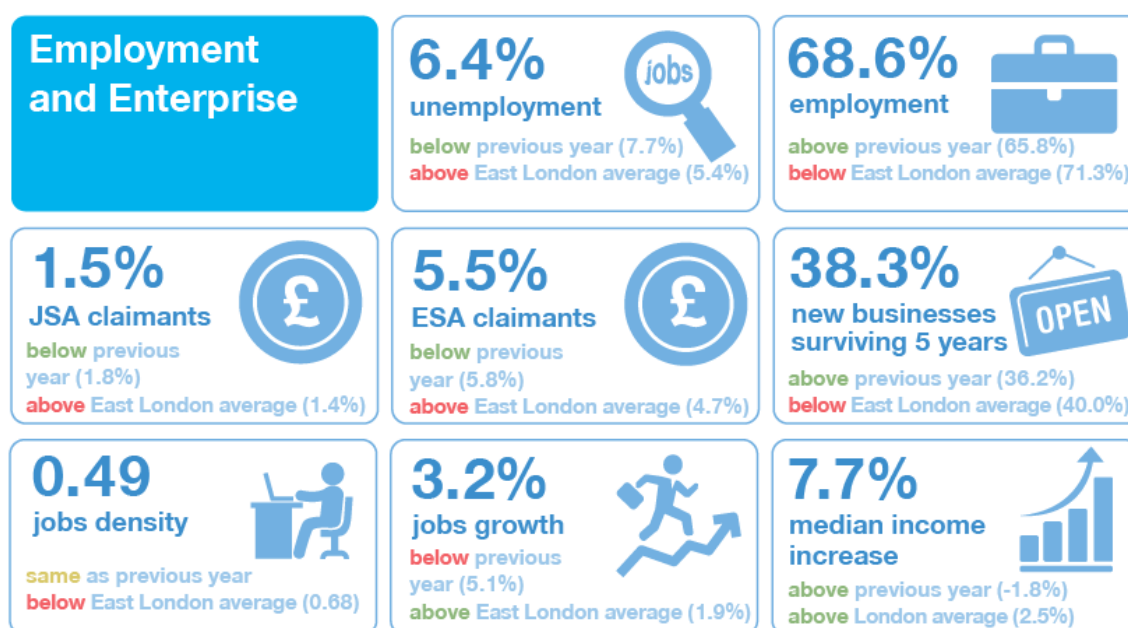
⁷ Annual Population Survey (2019).

- One of the lowest average household incomes in London. Raising average household incomes requires a strong focus on maximising employment opportunities, improving skills and making LBBD a place where people want to move to and stay.
 - Above average unemployment and young people Not in Education, Employment or Training (NEETs). The Strategy seeks to ensure new employment opportunities are generated in the Borough and critically that residents have the skills, aptitude and ability to secure employment.
 - Below average adult skills contributing to higher unemployment and lower household income and reduced life chances.
 - Large areas of vacant brownfield land partly reflecting the decline of manufacturing.
 - Evidence suggests many investors either have limited knowledge or negative perceptions of LBBD, which needs to be addressed by raising awareness and highlighting the successful delivery over recent years and the opportunities available to investors.
 - High affordable housing needs alongside the challenges of 'generation rent' but with capacity and political will to deliver new housing as part of the wider regeneration agenda.
 - Difficulties keeping/attracting higher skilled residents – the percentage of residents in managerial categories is one of the lowest in the country.
 - Several poor health and wellbeing statistics. Raising standards of health/wellbeing is a prerequisite for a thriving economy because it can improve productivity and reduce social and financial costs.
- 4.23 **Table 4.1** summarises many of the Borough's challenges. Among the strengths are access and site/land availability, the manufacturing base (albeit this is questionable given the trends described above) and private sector companies. By contrast, the weaknesses include a low wage, low employment economy, low skill levels and low levels of business start-ups.
- 4.24 The opportunities, as listed in **Table 4.1**, are partly coming forward to deliver real change, such as major regeneration at Barking Reach, the Development of the Centre for Manufacturing and Engineering Excellence, and Cross Rail at Chadwell Heath, while some remain mostly aspirational such as the creation of 250,000 jobs in the Thames Gateway and will require significant public sector investment that needs to be considered within this LBBD *Industrial Land Strategy*. The threats refer to the impact of continuing national economic weakness, the lack of funding and potential marginalisation.
- 4.25 The *State of the Borough Report 2018* provides the first annual monitoring results for meeting the targets that have been set by the *Borough Manifesto*. The results are summarised in **Figure 4.2**. These indicators should be the baseline position against which to measure and monitor future key changes in LBBD's economy.

Table 4.1 LBBD's SWOT analysis

Strengths	Weaknesses	Opportunities	Threats
Proximity to central London	A low wage, low employment economy with high deprivation in some neighbourhoods	Availability of good value land for development (particularly for modern industrial uses)	Skills shortages
Excellent east-west public transport links (road, rail, tube) including to the docklands and city, the M25 and M11 and north circular	High proportion of residents with below average skills, including numeracy and literacy	Availability of relatively affordable premises	Some communities become further marginalised
Barking Town Centre easily accessible	Smaller than average representation of professions groups in the local economy	Location of Barking Riverside substantial residential development	Delays in progressing transport schemes
Major sites available for housing and business development	Relatively low levels of workforce productivity (measured by GVA)	Availability of key regeneration/housing growth areas for future opportunities, incl Barking Riverside, Beam Reach, South Dagenham and Dagenham Dock	Trend of negative job growth (albeit driven by job losses associated with a small number of large employers)
Manufacturing base with strengths in key sectors	Poor public transport links between the north and south of the borough	New transport schemes incl: cross-rail, DLR extensions, C2C extension and Thames Gateway Bridge)	Risk of national/global recession cutting investment
Major private sector companies (e.g. Ford)	Poor commercial perception of town centre and industrial areas	Growth in new emerging sectors such as sustainable green industries and creative industries	Competition from similar locations within the sub-region (particularly Stratford)
Improving local authority with rapidly improving education serves (Beacon Council status)	Poor commercial industrial stock	Recent development of the Centre for Manufacturing and Engineering Excellence (CEME)	Lack of speculative development in recent years
Strong further and higher education presences with University of East London, Coventry University and Barking College.	Lack of industrial premises with large floorplates	Availability of Government funding including HIF and proposed Single Housing Infrastructure Fund	
Cultural attractions, including Barking Abbey, Eastbury Manor House, Valence House and Eastbrookend Country Park	Shortage of start-up industrial units and move-on sites for businesses	Strategic position in Thames Gateway sub-region, which is a key Mayoral focus for regeneration	
Strong population growth (historically and projected)	Lack of diversity in current housing stock	Strategic plan to transform Dagenham Dock, including the City of London Wholesale Markets	
Strong business growth levels, especially in sectors like R&D	High levels of, and increasing trend, in levels of out-commuting	Strategic plan to transform Barking Town Centre	
Strong start-up activities	High levels of congestion on the A13	Growing business confidence in East London for locating businesses spilling out from the west.	
Low cost location		Growth in new IT and creative economies over spilling further east of London	

Source: Derived from various evidence documents and a workshop with Be First officers.

Figure 4.2 State of the Borough Monitoring, 2018

Source: Barking and Dagenham Together - Borough Manifesto

The Property Market

- 4.26 This section considers the profile of the commercial property market in which development takes place in LBBD. The purpose is to understand demand and supply dynamics and the market for employment space, principally identified by industrial space (industry and warehousing) and offices. The chapter considers market preferences including what occupiers and developers are currently looking for, how well their requirements are met, where there is over- and under-supply, and the drivers of future change.
- 4.27 It starts by setting the commercial property context of the national and regional (London) markets, before discussing LBBD's market in more detail.

The National Property Market

- 4.28 The UK commercial property market is experiencing a prolonged period of uncertainty and change. The Global Financial Crisis of 2007/08 set in train a series of events that led to a long property slump. Capital values and rents fell sharply, leaving occupiers in overpriced rented properties and developers unable to respond. Lending to the sector virtually dried up for a period. Together with the abolition of tax relief on empty property, this led many developers to virtually cease activity in many parts of the country. Among the areas suffering most was Outer London, and within this highly variable sub-region, Outer East London in particular.
- 4.29 The market had barely begun to recover when the Brexit referendum was held in June 2016, leading to a further prolonged period of uncertainty. While this was nothing like the Global Financial Crisis in terms of the direct impact, the resulting uncertainty has meant that many development and investment decisions have been delayed for longer than three years. Following the recent election, some level of certainty was being introduced and early signals from the property market suggested a positive response. But a further external influence arising in early 2020 is the Covid-19 pandemic, which has the potential for creating a stochastic shock impact on the economy. At this time, it is too early to understand what impacts this may have on the property market. Certainly, there are differing views on how the market will evolve in the coming years. For example, competing forces prices may play

out in different ways in different locations, such as a scaling back of public sector space requirements or a fall in employment land. In any case, this study looks over the long term of the plan period up to 2032 and the inherent qualities of LBBD as a commercial location must therefore be considered.

- 4.30 On the national stage, levels of new investment and development have begun to improve, but with significant regional and sectoral variation. Office markets have remained strong in large city centres and weaker in more peripheral markets. Similarly, logistics and distribution have been very robust in particularly favoured locations, such as the Midlands, East Midlands, and so on. Retail has continued to suffer, whether in-town or out-of-town, and across the country.
- 4.31 In many markets, commercial investment and development have been subject to competition from the residential sector, where higher land values partly relating to the growth in the need for more housing and local authorities seeking to meet Central Government housing targets, have combined to reduce commercial developments due to hope values for alternative uses.

London Regional Property Market

- 4.32 To some extent, the London picture is a microcosm of the national picture. For example, the office market has been very strong in core markets such as the City and West End, but elsewhere has been weak, including in outer London boroughs, where new office development has been negligible for fifteen years or more. Many office blocks were converted to housing after 2012, following the introduction of Permitted Development Rights, which exacerbated an already difficult situation. Except for one or two boroughs in the west, such as Hounslow and Hillingdon (part of the Heathrow and Thames Valley market), Outer London boroughs have seen a net loss of office stock. To this extent, LBBD's experience has been similar to other Outer London boroughs.
- 4.33 Retail markets have suffered badly in many outer London town centres. This has been partly encouraged by the national story about retail with a shift to online shopping, and so on. But it has also been influenced by the development of very large regional shopping malls such as Lakeside, Bluewater and White City. Many smaller retail strips and small town centres will continue to suffer as the sector restructures. It will, therefore, be important to focus, in policy terms, on creating new mixed-use town centres where attractor facilities for increasing footfall and economies of scale can be encouraged.
- 4.34 The industrial sector remains very strong in London. Again, there are multiple reasons for this. As indicated above, the switch from manufacturing to service-based industrials has been a major factor. The most notable trend is in the growing demand for 'sheds', where businesses are trading rather than making. Another factor is the declining land supply. In the period 2010-15 the stock of industrial land in London fell by over 500 ha, at an annual rate of 106 ha per annum. This compares to a release benchmark of 37 ha per annum in the 2016 *London Plan* based on recommendations in the 2011 *Industrial Land Demand and Release Benchmarks in London* report. Thus, the ever-shrinking supply has given the impression of strong demand.
- 4.35 Despite the uncertainty surrounding Brexit since 2016, new investment in London has continued apace. Confidence remains high and London's role on the world stage remains very positive. For example, London has a world-leading role in DigiTech. The tech sector has attracted more investment from overseas than Paris and Berlin, combined in each year between 2013 to 2019. Similarly, in the broader media sector, including TV production and film production, in life sciences and medical care, and in education, investment in London remains very positive.

LBBD's Property Market

Commercial Floorspace Overview

- 4.36 LBBD is a strong industrial location that benefits from a strong industrial heritage/legacy, competitive transport links and proximity to key arterial routes (such as the A12, A13 with links to the north circular and M25) and good access to local labour. The Borough is dominated by the industrial market, with only a minimal amount of office space present.
- 4.37 The analysis of the latest Valuation Office Agency's (VOA) data shows LBBD to have a sizeable stock of rateable employment floorspace. As shown in **Table 4.2**, the VOA estimates that there was approximately 1.4 million sqm of rateable commercial floorspace in LBBD in 2018/19. This accounted for 24% of the total commercial space in Outer East London (covering the area of Redbridge, Newham, Havering and LBBD), and accounted for 2% of London's total rateable stock.
- 4.38 Many of the employment areas in LBBD have a higher proportion of non-employment uses on them. Together, according to the latest VOA data, the employment spaces covering industrial and office floorspace stock hold some 1,079,000 sqm of rateable floorspace in LBBD. This is a substantial amount of employment space, but it has remained stagnant since 2008.

Table 4.2 Floorspace stock in LBBD and neighbouring boroughs, 2018/19

Date	All	Office	Industry	Retail	Other
LBBD total ('000 sqm)	1,423	81	998	216	128
LBBD (% of total)	100%	5.7%	70.2%	15.2%	9.0%
Outer East London (% of total)		10.1%	48.7%	29.8%	11.5%
London (% of total)		38.2%	29.3%	22.1%	10.5%
England and Wales (% of total)		15.1%	56.0%	18.1%	10.8%

Source: VOA, 2019

- 4.39 Over the period 2010/11 to 2018/19, according to the latest VOA data, shown in **Table 4.3**, the amount of commercial floorspace in LBBD remained relatively stable, increasing by a negligible 0.6%. This, in part, reflects the role and function of the Borough's industrial economy that has changed in recent years, with traditional heavy industry gradually being replaced by service-based industrial activities, and high-tech and environmental industries, exemplified by the development of the London Sustainable Industries Park (LSIP) at Dagenham Dock.

Table 4.3 Change in floorspace stock between 2010/11 and 2018/19

	All	Office	Industry	Retail	Other
LBBD (change in sqm)	8,487	-11,997	29,068	-9,000	1,016
LBBD (% change)	0.6%	-12.9%	3.0%	-4.0%	0.8%
East London (% change)	0.4%	-6.4%	-4.1%	8.8%	6.5%
London (% change)	-0.2%	2.2%	-8.0%	3.4%	8.0%
England & Wales (% change)	1.9%	0.1%	0.8%	3.8%	7.0%

Source: VOA, 2019

- 4.40 **Table 4.4** shows both the rateable value as of 2018/19 data, and how it has changed since 2010/11. It shows lower rateable values as the comparable areas and that the rateable value has not increased in LBBD at the same rate as wider comparators. Therefore, the gap in values between LBBD and the rest of the country is increasing. This in part may reflect the location and/or the quality of the stock, which is becoming obsolete and in need of replacement or reinvestment.

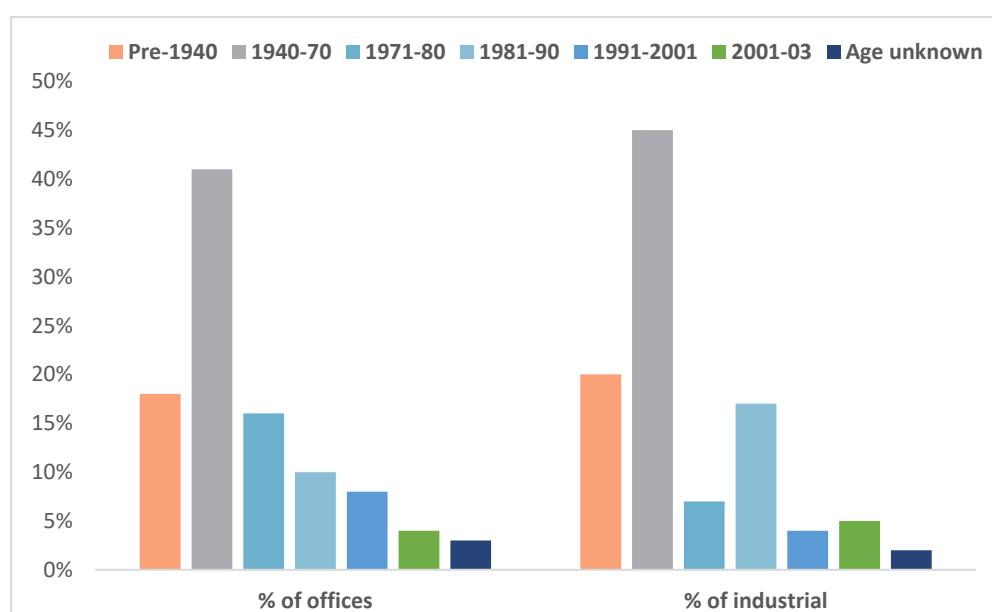
Table 4.4 VOA Rateable Value per sqm at 2018/19 and change since 2010/11

	All	Office	Industry	Retail	Other
LBBB (Rateable Value)	£79	£110	£59	£151	£93
Change between 2010/11 to 2018/19	5.3%	1.9%	7.3%	10.2%	3.3%
East London (Rateable Value)*	£114	£132	£64.8	£181.8	£114
Change between 2010/11 to 2018/19*	19.1%	12.6%	16.1%	19%	14.3%
London (Rateable Value)	£241	£343	£79	£295	£210
Change between 2010/11 to 2018/19	24.2%	19.5%	14.5%	26.6%	25.7%
England & Wales (Rateable Value)	£86	£172	£39	£158	£90
Change between 2010/11 to 2018/19	7.5%	10.3%	5.4%	3.3%	13.9%

*Figures for East London do not give a 'true average' and are an average of the average for each of the four authorities

Source: VOA (2010/11 to 2018/19)

- 4.41 **Figure 4.3** provides some early data that was available about the age of the Borough's stock of employment space. The data showed that most of the employment floorspace in the Borough at that time is of relatively older stock, with 69% of industrial premises and 64% of office premises developed before 1970. There have been more significant periods of development for office premises in the 1970s and industrial premises in the 1980s, with some 16% of the existing stock for each type of employment floorspace built during these periods respectively. But since then there have been very few new builds within LBBB, with just around a tenth of the industrial and office stock being developed over the previous couple of decades.
- 4.42 The relatively older nature of much of the office and industrial stock is resulting in LBBB potentially missing out on attracting and retaining occupiers seeking modern workspace, particularly as newer space is available in nearby centres, such as Stratford, which have benefited from new commercial development in recent years. With the limited change in stock from 2008 to the current day, this is likely to remain a problem within LBBB that needs addressing to serve businesses better and to become more prosperous.

Figure 4.3 Age of LBBB's commercial floorspace stock, 2003

Source: Derived from LBBB DES (2014)

LBBD's Industrial Market

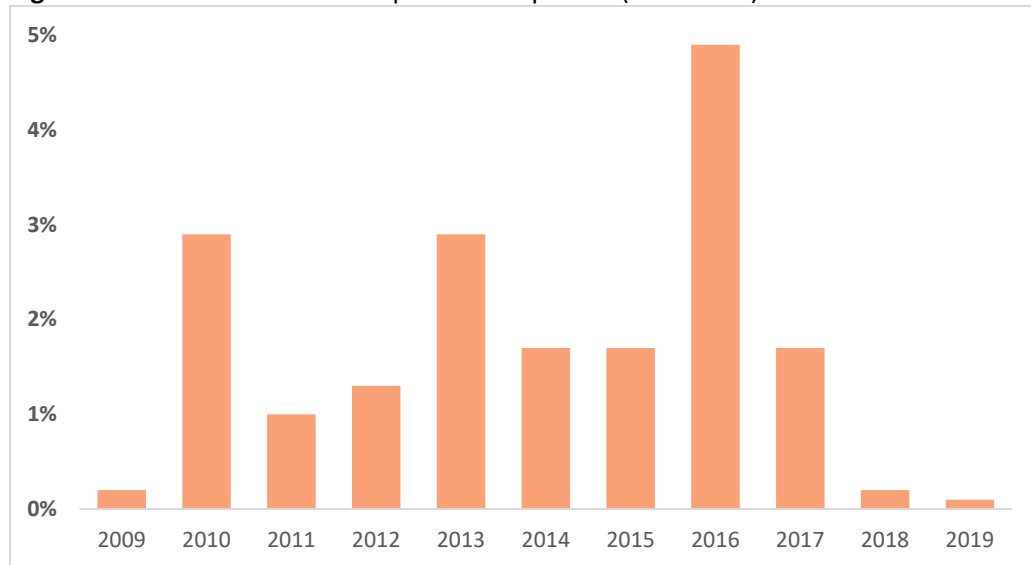
- 4.43 For discussion, production and distribution space jobs (industrial and warehousing) are merged into one category, called “industrial” since production and distribution can generally operate in the same type of buildings and subject to size limitations, space can be transferred between production and distribution without planning permission. Also, data on the supply of space - such as VOA floorspace statistics and planning data on completions and commitments – rarely distinguish accurately between industrial factories and warehouses.

Stock of industrial space

- 4.44 Overall, LBBD commercial space is dominated by industrial (factory and warehousing) uses which, as shown in **Table 4.5**, account for some 70% of LBBD's rateable commercial space. This is substantially far greater than the Outer East London, London and national averages. LBBD has a larger supply of industrial space than all adjoining East Outer London boroughs, which include Newham, Redbridge and Havering. Industrial space is distributed across several key employment sites, including the SILs at Dagenham Dock, Rippleside and River Road.
- 4.45 For industry, LBBD again bucks the trend when compared to the London profile. Floorspace in LBBD has grown by 3% (29,000 sqm) when it has fallen in all other Outer East London by 4% and all of London by 8%.

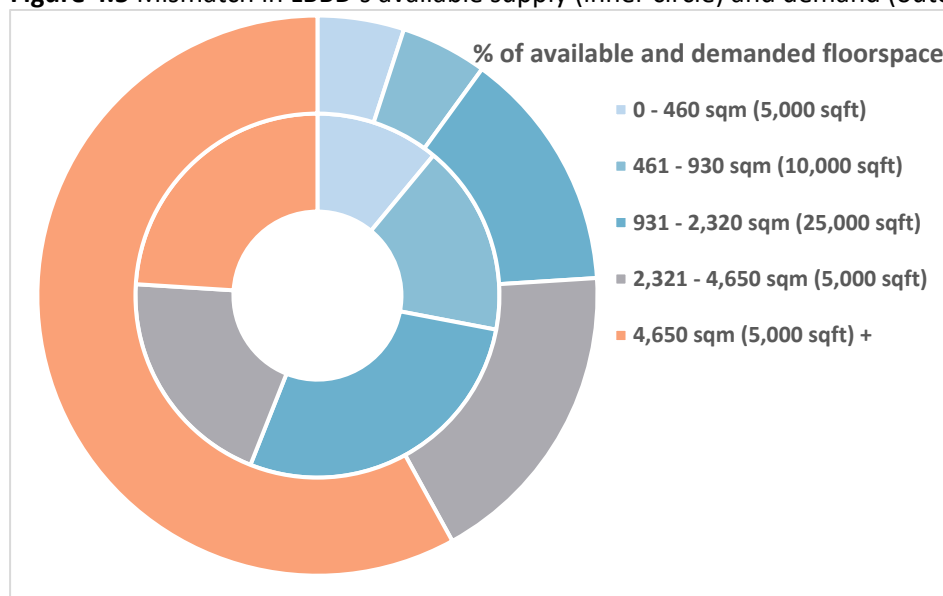
Take up of industrial space, rents and viability

- 4.46 Demand for space tends to come from the Borough's key sectors of distribution/warehousing, logistics and wholesale (such as cash and carry), as well as lower value uses such as car repair and waste processing, which are particularly clustered in specific locations to the south and north of the Borough, although mostly to the south of the borough.
- 4.47 Glenny, a local firm of chartered surveyors active in LBBD's commercial market has maintained a dataset of industrial property market metrics over several years that provides a useful time series analysis.
- 4.48 **Figure 4.4** illustrates the take-up rate for total industrial floorspace in the Borough based on Glenny's data. The trendline closely follows the overall economic performance with the impact of the financial crisis in 2009 being visible, followed by a gradual improvement in levels of demand. By 2012, the commercial property market had returned to pre-recession levels and **Figure 4.4** shows that LBBD continues to experience reasonable levels of growth in demand. It is noticeable, however, that in 2018 and 2019, there has been a substantial decline in the rate of take-up, possibly reflecting a mismatch in the type of space that is available.
- 4.49 The reduction in the take-up rate in recent years, as the level of operator demand has cooled, possibly reflects a long-term structural weakness in the local economy not having the right type of employment space.

Figure 4.4 LBBD industrial floorspace take-up rates (% of stock)

Source: Derived from Glenny's data, 2019

- 4.50 **Figure 4.5** provides an assessment of the supply of accommodation by size band (in sqft) in comparison to the demand for floorspace by subsectors (in sqft). The Glenny data shows that most of the supply is in the smaller size bands with over 28% being less than 1,000 sqm (10,000 sqft) and 56% being less than 2,500 sqm (25,000 sqft).
- 4.51 This contrasts with the level of demand. Demand in the smaller size band accounts for only 10% of total demand and just over a quart of total demand would cover half the supply for units with up to 1,000 sqm (10,000 sqft). This suggests that smaller units are likely to stay vacant for longer, reducing their rents. In contrast, over 58% of the demand is for units greater than 5,000 sqm (50,000 sqft) but the supply of units in this size category represents only a quarter of the available stock.
- 4.52 This clearly illustrates a supply and demand mismatch where the dated nature of units that are typically less than 1,000 sqm dominates the supply. In contrast, the bulk of demand is for units above 5,000 sqm. The demand for these larger units of space post-dates the 1950s and 1960s period when most of LBBD's stock was built, typically on the expectation that these premises would last about 50 to 60 years before renewal. Consequently, there are only limited opportunities for occupiers looking for larger units and these are concentrated in Dagenham Dock and to a lesser extent along Castle Green.
- 4.53 This suggests a failure of the supply side market, in that there is an insufficient supply of larger more modern stock for active operator requirements. In the absence of suitable accommodation, these occupiers will be displaced to adjacent boroughs. Less constrained boroughs, such as Thurrock, can attract these inward investors given the plentiful supply of vacant land or the recycling of vacant large-format industrial units.

Figure 4.5 Mismatch in LBBD's available supply (inner circle) and demand (outer circle)

Source: Derived from Glennys's data, 2019

- 4.54 **Table 4.5** provides a time series analysis of industrial rents in LBBD. This shows that the trend in rents is closely following the national economy, with a gradual improvement since 2009 across all property sectors. Asking rents for industrial/storage spaces are currently around £118 psm pa.

Table 4.5 Industrial uses average asking/achieved rent in LBBD

Year	No. of deals	psft	psm
2010	9	£7.71	£83
2011	10	£7.88	£85
2012	22	£7.51	£81
2013	51	£7.29	£79
2014	47	£7.75	£83
2015	27	£8.79	£95
2016	33	£9.58	£103
2017	32	£10.45	£112
2018	17	£10.19	£110
2019	17	£11.00	£118
Total	265	£8.67	£93

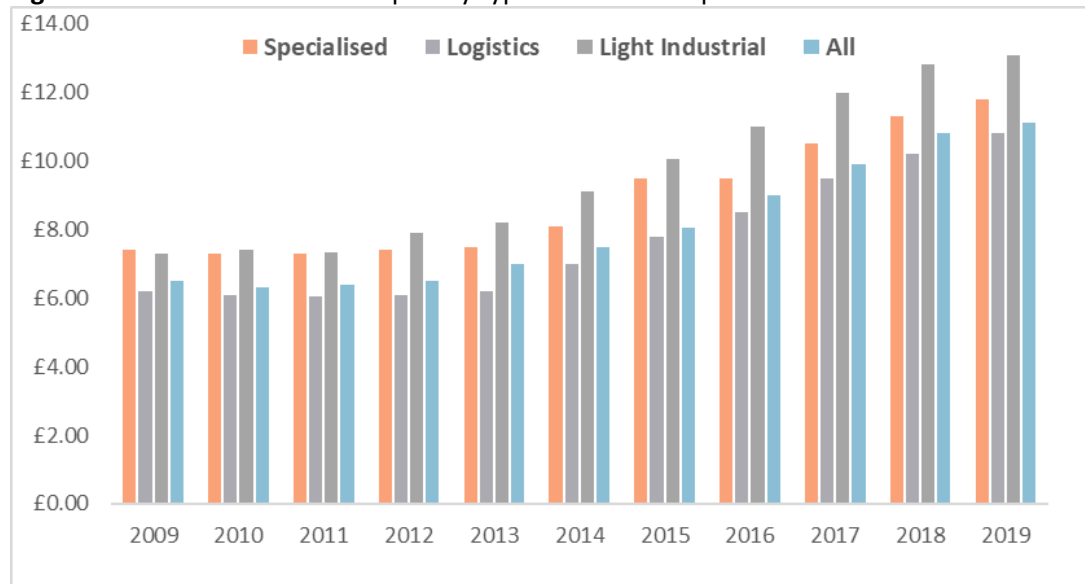
Source: Derived from EGi and VOA data

- 4.55 **Figure 4.6** provides a time series analysis of industrial rents for the different quality of industrial spaces in LBBD, which is based on research by Glennys.⁸ This shows that the trend in rents is closely following the national economy, with a gradual improvement since 2009 across all property sectors. There has been a marginally higher level of rental growth in the light industrial sector. The growth in logistics rents has been slower, which is perhaps unsurprising given the larger average unit size where there is typically a discount for larger units compared with smaller units in the light industrial sector. The growth in rents in the

⁸ Within the industrial sector they have reviewed: the overall industrial market; light industrial uses; the logistics market which typically has units in excess of 5,000 sqm; and the specialised industrial market, which essentially is a catchall category for those uses not falling within logistics or light industrial (i.e. the old B1c) uses.

specialist industrial sector has been slightly lower, following the same trend as the light industrial sector.

Figure 4.6 LBBB industrial rents psft by type of industrial space



Source: Derived from Glenny's data, 2019

- 4.56 With the cost of developing new space, and purchasing land, such rents around £100 to £130 psm would not make it viable to develop any industrial space on a speculative basis. In this regard, the commercial property market works differently to the residential one, which would also make it difficult to provide evidence for viability within a plan making horizon.
- 4.57 This is because viability assessments often suggest that speculative development for employment uses is not viable is because the open market value of the completed development would be below the cost of delivering it. The implication is that the development would not be worthwhile for an institutional investor. But for an owner-occupied or pre-let development, the same scheme may well be worthwhile. This may be because the property is worth more to the business than its open market price, for example, because its location or other features are an especially good match to the requirements of a particular business. They cannot be captured in a standard viability appraisal, because they are specific to individual occupier businesses and individual sites.
- 4.58 The upshot is that many sites may successfully be developed for employment when a standard viability assessment would suggest that they are not viable for such development. Therefore, to predict which sites will be successfully delivered in the future, a standard viability assessment is not necessarily a helpful tool. To assess the prospects of individual sites, authorities use different evidence, comprising both market indicators and qualitative criteria, normally set out through strategic employment land review evidence.

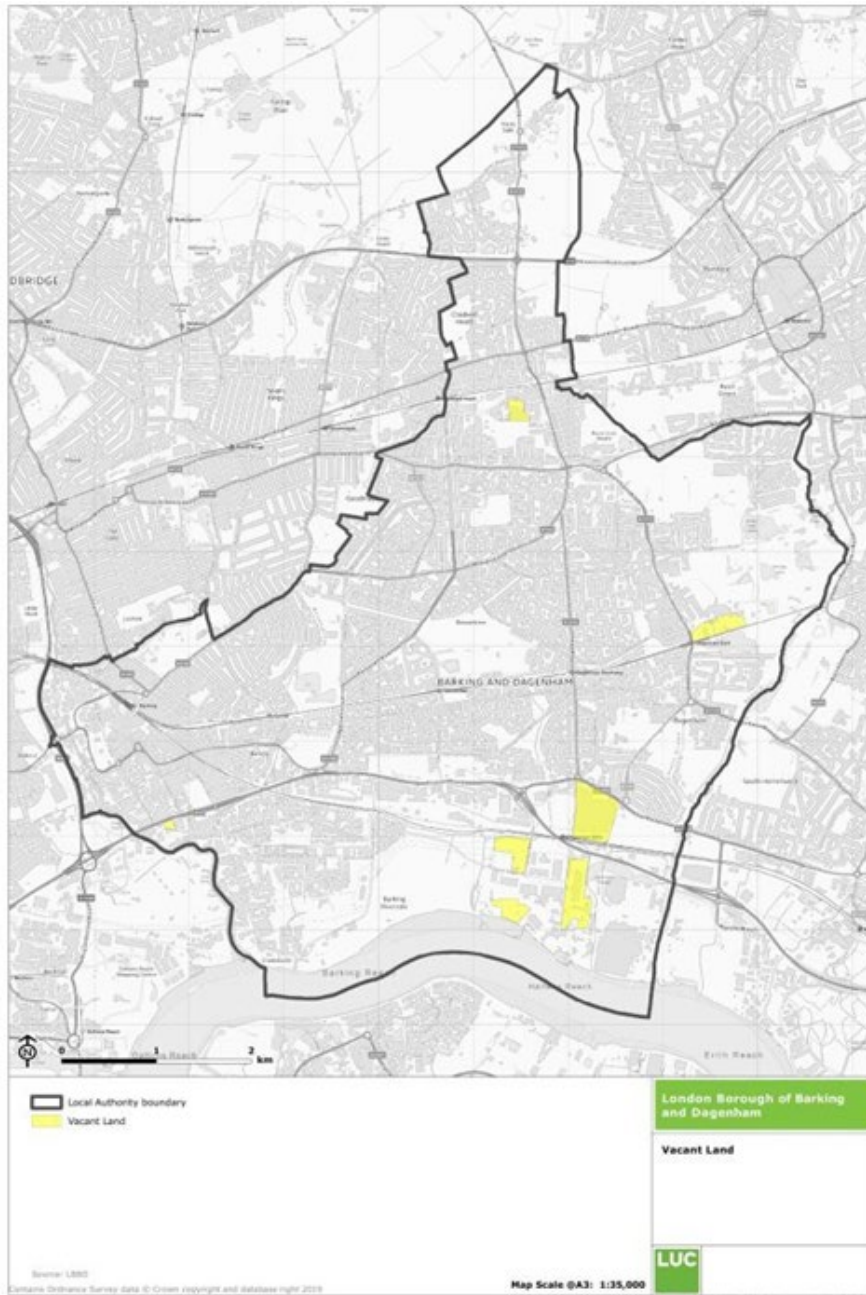
Vacant industrial space

- 4.59 The Intend to Publish *London Plan* refers to the above average level of vacant industrial land within LBBB, which is why LBBB is identified as being a 'Limited Release' Borough as opposed to no release. The level of vacant and was estimated to cover nearly 12% of the total stock of industrial land and nearly 13% of core employment area land, which is about 55 to 60 ha of vacant land in LBBB.
- 4.60 As shown in **Figure 4.7**, some of the existing vacant employment sites in LBBB are large, such as Dagenham Dock with 44 ha, and Dagenham East. But there a few small vacant sites in places like River Road SIL and Chadwell Heath. Also, some of the sites shown in **Figure 4.7** are now coming forward for new employment uses like film studios on the former Sanofi

Aventis site in Dagenham East, or a mix of uses that are predominantly residential-led like the Ford Stamping Plant, which is north of Dagenham Dock.

- 4.61 To compound the problem of high proportions of vacant land, there are also vacant industrial buildings across the Borough. To further compound the problem, those premises that are in use within LBBD's SIL and LSIS are generally being used for lower employment density industrial uses, including trade counter and open storage uses. The prevalence of such uses reflects the relatively low rental rates and quality of land and floorspace stock so that they attract lower value uses, such as storage uses that do not support many jobs or well-paid jobs.

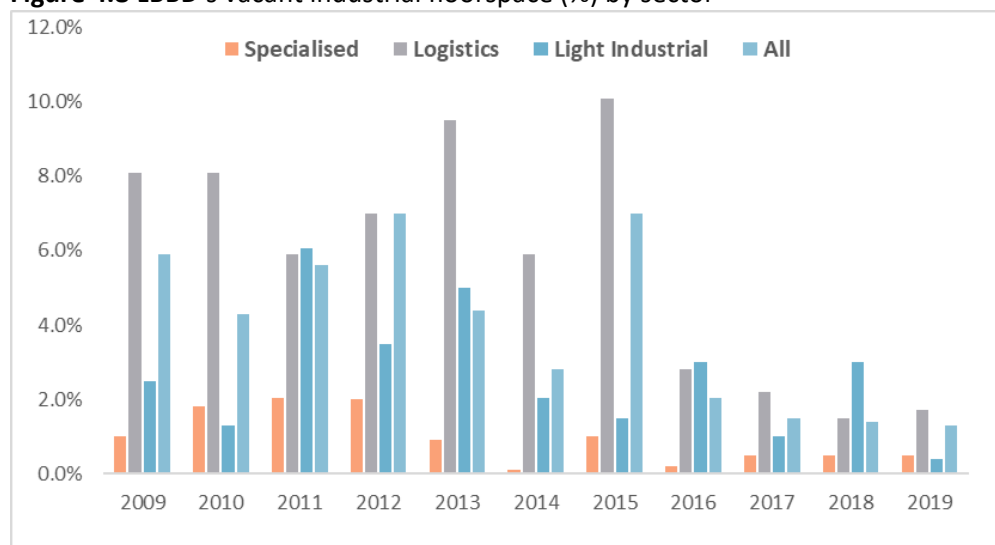
Figure 4.7 LBBD's vacant industrial land



- 4.62 Based on data from local commercial agency Glenny, **Figure 4.8** provides a trendline for vacancy rates in the industrial market. This shows that vacancies in industrial units in LBBD have followed the general economic cycle, with high levels of vacancies in 2009 followed by a steady decline, with peaks in logistics vacancies in 2012 with a further peak in 2015. This

can be explained by the completion of Orion Park in 2015 supplying c.30,000 sqm of floorspace to the market. Since then there has been an overall reduction in vacancies. The light industrial sector has recorded a significant reduction in vacancies between 2018 and 2019. Throughout the period the level of vacancy in the specialised industrial sectors (open storage and B2) has remained constantly low.

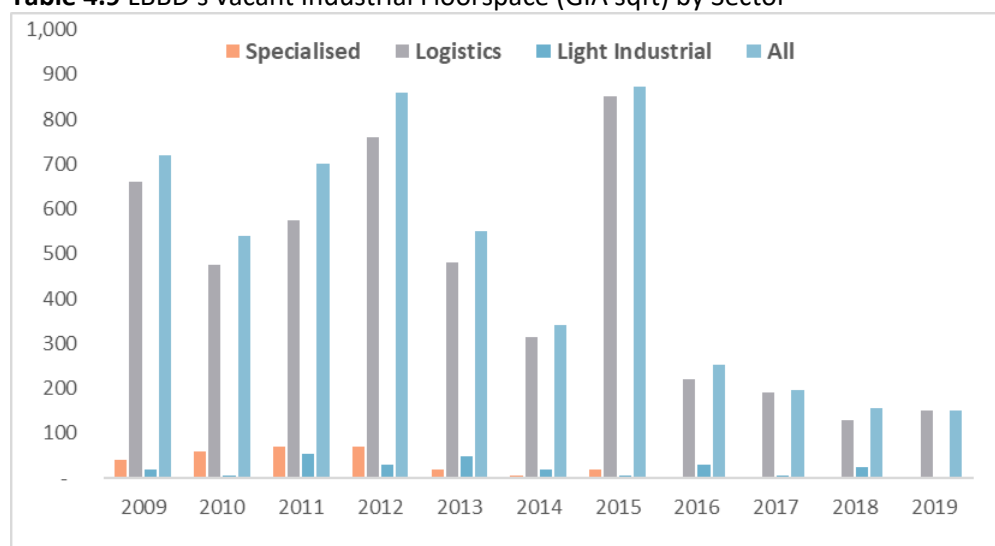
Figure 4.8 LBBD's vacant industrial floorspace (%) by sector



Source: Derived from Glenny's data, 2019

- 4.63 As shown in **Figure 4.9**, there has been a significant reduction in vacancies, with the logistics sector vacancies being the dominant source. When compared with the total stock of floorspace, logistics vacancies represent less than 2% of total stock and the figures for light industrial; and specialist industrial uses are even lower. This suggests that the market is close to the point where there is insufficient vacancy in the market to allow for a healthy turnover of stock to attract inward investors.

Table 4.9 LBBD's vacant Industrial Floorspace (GIA sqft) by Sector



Source: Derived from Glenny's data, 2019

- 4.64 Despite the mismatch in employment floorspace, the level of currently advertised vacant industrial floorspace in the Borough is very limited. The main gap in supply is good quality ('Grade A') modern industrial premises across all size brackets, particularly mid-scale to larger scale units with more than 1,500 sqm.

- 4.65 Available industrial properties that are currently advertised (at November 2019) on the national EGi database (that claims to hold more than 90% of marketed properties), identifies almost 55,500 sqm of advertised available industrial/storage floorspace in LBBD. As shown in **Table 4.6**, when the available floorspace is divided by the total VOA floorspace stock figures, this amounts to a minimum vacancy rate of just 5.6%. There are likely to be some unrecorded vacancies, so it could be marginally higher than this, reflecting an average margin for industrial space on the basis that a figure of around 7.5% is the optimal level of vacant space to deliver choice.

Table 4.6 Summary snapshot of advertised vacant stock in LBBD (at 22.11.2019)

	EGi advertised available space	VOA stock (2018/19)	Vacancy rate
Industrial/Storage (sqm)	55,468	998,000	5.6%

Source: Derived from EGi and VOA data

- 4.66 Industrial/storage uses a distinction between 'industrial uses' (which includes light, mixed and industrial parks') and 'storage and distribution'. 'Industrial' is the most popular in terms of both the number of available units (37) and total floorspace (39,358 sqm), and 14 units are listed as 'Storage & Distribution', equalling 16,110 sqm. Except for one particularly large premise (21,643 sqm), the other units average approximately 500 sqm.

Development of new space

- 4.67 For comparable data available between 2003 and 2013, it has been identified that there was a gross annual development average of just under 31,000 sqm of new employment (typically occupying offices, industrial and warehousing premises) floorspace across LBBD. Most of the new space was for industrial and warehousing uses, with 48% for B2 uses and 45% for B8 uses.
- 4.68 These growth figures translate into a net development rate (reflecting stock replaced), which at just under 12,450 sqm per annum, is substantially lower than the gross development rate. This reflects losses of employment floorspace through redevelopment for other uses. Over ten years, there is reported to be a net development rate per annum of 6,189 sqm for B2 space, 4,498 sqm for B8 space and 1,765 sqm for B1a/B1c spaces. These are small quanta of additional spaces.
- 4.69 In terms of investments, further recent research by Glenny suggests that 2019 has been a year of consolidation with no rental growth across all employment sectors, with capital values industrial space ranging between £1,600 and £2,500 psm. Yet few employment premises are identified as being vacant, possibly because of their low value, which facilitates occupation but also sub-optimal conditions leading to inefficient under use.
- 4.70 The view amongst local agents is that LBBD should make more efficient use of its existing space to accommodate growth of indigenous firms, attract new occupiers and enable the churn and re-configuration of existing sites to better meet the needs/demands of firms. In this regard, there could potentially be scope to diversify the type of industrial activity accommodated in the Borough by building on the presence of the LSIP and higher value supply chain opportunities associated with major employers such as Ford, which is expected to continue to play an important role in the Borough's industrial economy.

LBBD's Office Market

Stock of office space

- 4.71 LBBD is not a strong office location in any sense. In contrast to the industrial market, the commercial office stock amounts to just 5.7% of the total rateable commercial floorspace stock in LBBD, and tends to be concentrated in and around Barking Town Centre. The Outer

East London area has double the representation of offices, while nationally it is three times more representation and, unsurprisingly, it is seven times higher across London.

- 4.72 Over the period 2010/11 to 2018/19, rateable commercial office floorspace decreased by nearly 13%, equivalent to a reduction of 12,000 sqm, which is more than double the rate of decrease across Outer East London; and compares to a 2.2% increase in London and a negligible change nationally.

Take up of industrial space, rents and viability

- 4.73 There is a very low base level of demand for office space, due to a combination of extant low critical mass and on-going economic fragility. LBBB lacks the necessary critical mass to attract and sustain larger office occupiers and it faces strong competition from nearby larger established and growing office centres including Stratford, Beckton/Royals and Dartford (echoed by average rental levels for office premises in LBBB that remain relatively competitive). Consequently, the office market is relatively localised and the limited demand that there is generally comes from local SMEs (operating across a range of business service sectors) for good quality, small modern premises.
- 4.74 Barking Town Centre attracts LBBB's strongest area of office market demand, reflecting its good public transport links into central London and range of local services and facilities. The town centre had a relatively active office market in the 1970s and 1980s, benefiting from the re-location of back offices from more central locations such as the City (particularly within the shipping, insurance and construction sectors) taking advantage of their traditional Outer East London labour catchment areas, low cost but decent quality office space, and excellent public transport to the City.
- 4.75 The town centre's stock of office space is focused around Linton Road, Cambridge Road and the railway station and is dominated by several large buildings such as Crown House, Wigham House, Roding House and Maritime House. As a comparable, the latter has recently been achieving rents at around £250 psm, which substantially increase by around £50 psm during the past couple of years.
- 4.76 **Table 4.7** provides a time series analysis of office rents in LBBB. This shows that the trend in rents is closely following the national economy, with a gradual improvement since 2009 across all property sectors. Asking rents for industrial/storage spaces are currently around £200 psm pa. This is substantially higher than industrial rents.
- 4.77 But with the cost of building offices at around £2,000 psm significantly higher than industrial units at around £1,000 psm, like the industrial space it would be unviable to develop any new office space on a speculative basis. The exception is for an owner-occupied or pre-let development where the property in the right location is worth more to the business than its open market price, for example, because its location or other features are an especially good match to the requirements of a particular business.

Table 4.7 Office uses average asking/achieved rent in LBBD

Year	No. of deals	psqft	psm
2010	3	£13.71	£148
2011	1	£7.39	£80
2012	4	£11.09	£119
2013	4	£9.64	£104
2014	7	£13.36	£144
2015	9	£13.27	£143
2016	8	£11.85	£128
2017	10	£15.67	£169
2018	4	£19.40	£209
2019	1	£8.43	£91
Total	51	£13.37	£144

Source: Derived from EGi and VOA data

Vacant office space

4.78 As shown in **Table 4.8**, the EGi identifies 671 sqm of office space to be available in LBBD. This is just 1.2% of total office floorspace vacancies, which is a very tight market given a long term frictional available supply assumed to be somewhere around 7% to 8%⁹. There are three office units listed as available and there are likely to be more in LBBD that are not being advertised, which increases the vacancy rate. These three units vary considerably by size (53 sqm, 122 sqm and 496 sqm) and rental values (at £340, £145, £91 psm pa).

4.79 **Table 4.8** Summary snapshot (at Nov'19) of advertised vacant stock in LBBD

	EGi advertised available space	VOA stock (2018/19)	Vacancy rate
Office	671	81,000	0.8%

Source: Derived from EGi and VOA data

Development of new space

4.80 The overarching market trend in recent years has been a notable lack of new office development in LBBD, with negligible amounts of new space being brought forward in the last 40 years. This reflects wider market trends whereby office space has gradually been consolidated towards central London/Central Activities Zone, and away from outer boroughs that may have traditionally attracted larger scale office activity in the past. This is a structural change, not a cyclical one where demand will return at some future point.

4.81 This trend is echoed by recent London Office Policy Review (LOPR) 2017, undertaken by Ramidus Consulting on behalf of the GLA, which note that LBBD is still dealing with the legacy of de-industrialisation and faces several challenging indicators to supporting a successful office economy. While previous LOPRs suggested that Barking Town Centre may be appropriate for office-led, mixed use development, the current view is that significant office development is likely to concentrate on other Outer East London centres, notably Stratford. Consequently, the most recent LOPR (2017) suggested that the town centre be re-classified for non-office led development. It also recommended the immediate and likely future removal of Dagenham and Barking Reach respectively as potential strategic office locations in Outer London, concluding that at best they serve only local demand.

⁹ This is supported by the GLA's London Office Policy Review (2017) that identifies a frictional rate of vacancy to be 8% and also earlier empirical evidence in the European Office Property Markets (2005), which identified the mean average office vacancy for Western Europe had been 7.2% over 15 years.

- 4.82 But LBBD's ambition is to reverse past levels of low levels of office development by transforming Barking Town Centre and areas along the Rover Roding into a 'mini-Manhattan' with a ten-year regeneration plan. This redevelopment is key to delivering the Borough's vision of creating strong and distinctive places delivered through a £2bn investment. The plan for the revitalised centre will focus on providing office spaces along with housing, especially affordable housing that the Leader of the Borough Council states will be accessible and suitable for 'ordinary Londoners', where people want to 'put down roots'. Also, with the increasing residential growth in LBBD that will attract new skills, along with the growing regional demand for flexible offices and workspaces that are compatible uses, the anticipation is for growth in hybrid offices throughout the core employment areas within the borough.

Conclusions

- 4.83 LBBD is looking to support its residents' aspirations to flourish as individuals and as families, and for residents to choose to stay in the Borough and to be able to afford to do that. In doing so it seeks to exceed the housing target in the Intend to Publish *London Plan* and to kick start the regeneration of the Borough.
- 4.84 The emerging LBBD economy is also looking to its economy to support regeneration through transforming its land uses, supporting better jobs and providing homes. Certainly, the engine of LBBD's economy is its businesses, since businesses are what create jobs and add value. Also, enterprises bring new ideas and technologies and increase competition.
- 4.85 Despite the recent uncertainty being created by Brexit, the analysis of past trends has shown a fundamental shift in property development across London since the credit crisis in 2009. This is being reflected in LBBD, where vacancy rates have been effectively eliminated, and there has been a continued increase in commercial rents and house prices.
- 4.86 Demand for light industrial and logistics land demand in LBBD is now very strong, and there is no substantial amount of vacant industrial built space remaining beyond the frictional minimum. The remaining industrial and logistics occupiers that are still in London tend to be connected to an essential supply chain or population-driven consumer need. (If they were not connected to this supply chain, then cost pressures would have pushed them out before now.)
- 4.87 Despite this growth in demand, rent and the modern efficient (and intense) use of commercial spaces have remained low. This in part may reflect the age of the stock in LBBD, much of which is becoming old and obsolete, especially in terms of the efficient use of space.
- 4.88 The vast majority of available floorspace in the Borough comprises smaller average unit sizes, and a detailed assessment of the supply of floorspace and the demand from inward investors suggests a significant mismatch because the bulk of the operator demand is for larger units above 5,000 sqm.
- 4.89 The vast majority of existing floorspace is tertiary and/or secondary rather than modern or prime, and with the current stock generally being too old, the wrong specification and wrongly sized, this is going to hold back LBBD's employment and prosperity growth.

5 Future Demand for Industrial Uses

Introduction

- 5.1 This chapter reviews the drivers of change within the economy, with a focus on how these might influence the future quantity and quality of demand for industrial premises. The chapter begins with a resume of employment forecasts that can be used to assess the future need for additional space within LBBD. It then considers a review of the changing economic landscape, before reviewing how approaches to building design are changing and the impact on future space requirements. It closes with consideration to local skills and infrastructure changes, that will be necessary to facilitate the transformational changes being sought within LBBD's *Industrial Land Strategy*.
- 5.2 This information is used to set the fundamental requirements for Be First and the Borough Council to assist the businesses in key sectors to find the right type of space.

Forecasts Demand for Employment Spaces

- 5.3 Before identifying the need for employment space and priorities for employment sites/premises within LBBD, an appropriate and realistic job target needs to be established which can then be converted in future demand for employment spaces. But it is important to remember that forecasts reflect a snapshot in time and are never certain and often wrong. Nevertheless, they are used because no other tools are available to help in planning for the long-term employment land supply, which is a requirement of national guidance.
- 5.4 There have been several forecast studies that identify a range of employment change projections for LBBD, which is considered here.

LBBD's Draft Economic Strategy (DES) Forecasts, 2014

- 5.5 The DES (2014) report sets out various forecasts for the period between 2013 and 2032. These are based on different employment projections using differing economic scenarios, which include being informed by population growth projections within LBBD. These scenarios draw on:
- projections of employment growth (labour demand) derived from economic forecasts produced by Experian (December 2013 quarterly release;
 - projections of employment growth (labour demand) in the sectors typically occupying offices, industrial and warehousing premises that is derived from economic forecasts produced by the GLA¹⁰;
 - consideration of past trends in completions of employment space between 2009 and 2013 (averaging 12,450 sqm pa, with the vast majority (86%) of net completions being for industrial space) based on monitoring data supplied by LBBD, and how these might change in the future;
 - estimating future growth of local labour supply based on the latest GLA Demographic Projections for the Borough at the time of the DES (2014), which estimated a population increase of 2,907 per annum.

¹⁰ GLA forecasts of office jobs growth in Barking & Dagenham contained in the London Office Policy Review 2012 (LOPR) and of industrial job change set out in the GLA London Employment Time Series paper which provide Borough level employment forecasts to 2031 that were extrapolated to 2032.

- 5.6 The four scenarios' forecast job outputs are summarised in **Table 5.1** below. This shows that over the 20-year forecast period two of the forecasts identified growth in all jobs, which ranged from around 9,500 to 10,600. All four forecast growth in employment that would typically be associated with offices, industrial and warehousing premises, along with their respective estimation for required future floorspace changes in these uses. The scenario forecasts projected between losses of 1,600 to an increase of around 3,500 such employment use jobs. Even the highest of these forecast identified these employment use jobs to account for no more than 40% of the future job growth.
- 5.7 The DES (2014) converted the employment forecasts into employment use floorspace requirements and added a safety margin (equivalent to 3,520 sqm in office space and 21,380 sqm in industrial space) for factors such as delays in some sites coming forward for development. This is also shown in **Table 5.1**, which identifies a future net additional floorspace requirement ranging from a loss of -93,000 sqm using the GLA projection to 261,000 sqm based on a projection past job growth trends. In all but the GLA forecasts, industrial/warehousing accounted for the largest share of the required increase in floorspace. Conversely, the GLA forecasts identified a large net loss of -116,000 sqm of industrial/warehousing space requirements, with a small increase in requirements of 22,500 sqm for office space.

Table 5.1 Employment and floorspace requirements in LBBD, 2013 to 2032

Scenario	NLP/Experian	GLA	Take-up	Labour
Net change in jobs				
All jobs	10,640	n.a.	n.a.	9,512
All employment jobs	2,980	-1,600	n.a.	3,530
- Office jobs	1,980	1,250	n.a.	n.a.
- Industrial/warehousing jobs	1,000	-2,850	n.a.	n.a.
Net change in flsp (sqm) requirement				
Offices	33,530	22,500	36,960	20,150
Industrial/warehousing	125,840	-115,950	224,490	174,560
Total	159,370	-93,450	261,450	194,710

Source: LBBD DES (2014)

GLA Forecasts for LBBD

- 5.8 The GLA regularly prepare employment projections for its London boroughs. These are trend based reflecting past performance, existing shares of employment sectors and historical growth trends. The latest GLA borough level forecast for LBBD in 2017 are summarised in **Table 5.2**.

Table 5.2 GLA Economics Borough Employment Projections, 2017

	LBBD	Borough rank*	London total
2015	59,000	1	5,581,000
2031	63,000	1	6,550,000
2041	65,000	1	6,907,000
2050	65,000	1	7,189,000
2015-31	4,000	1	969,000
2015-41	6,000	1	1,326,000
2015-51	6,000	1	1,608,000
2015-31 (%)	6.8%	2	17.4%
2015-41 (%)	10.2%	3	23.8%
2015-51 (%)	10.2%	3	28.8%

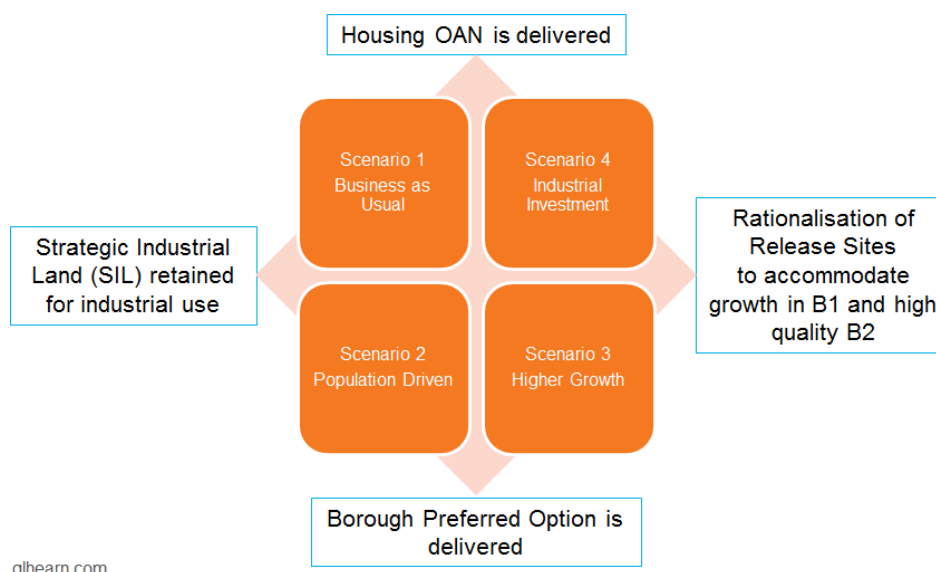
*1 being the lowest

Source: Derived from GLA Economics

- 5.9 This shows that LBBD is forecast to grow by around 4,000 jobs (5.6%) over the Local Plan period 2032 (the closest forecast year is 2031), then a further increase to 2041 before plateauing. Despite LBBD having fewer existing jobs than any other London borough, the GLA's growth projection ranked LBBD's growth potential relative to other London boroughs to be the second lowest up to 2031 and the third lowest thereafter.
- 5.10 Since GLA sector growth forecasts for London are unavailable at borough level, the CAG Consultants (2017) London Industrial Land Demand Study (LILD) sort to estimate sector level projections based on each borough's sector representation at 2014 and applying the same sector growth rate that was projected for London in 2016. These were then used to identify the amount of employment space that would be required to accommodate these industrial and warehousing jobs between 2016 and 2041.
- 5.11 The forecasts for LBBD was for a reduction in 91,600 sqm of industrial and an increase of 245,900 sqm of warehousing spaces. These figures were used to inform the Intend to Publish *London Plan* guidance on the amount of industrial land to be released for other uses at the borough level, and quantified a release for approximately 30 ha of industrial land within LBBD.

LBBD's Scenario Forecasts, 2017

- 5.12 Also, in 2017, Be First commissioned Cambridge Economics to prepare employment forecasts for the Borough to cover the period between 2016 and 2045. In line with national guidance, they were prepared to provide a bottom-up economic review of London's growth opportunity and the potential for transforming LBBD's economy based on four policy and market related scenarios relating to employment growth and housing growth.
- 5.13 The latter is important because population is one of the most important factors in job growth, and housing is likely to bring in more working age people with new skills. These skills are also likely to impact on the type of future jobs that will be attracted to the borough.
- 5.14 The policy/market-related employment growth has been assessed based:
- the provision implied by the GLA's 2016 employment projections, which reflect the lowest forecast growth of any Borough and in which SIL sites are essentially retained for their current uses (a 'business as usual' approach), with an on-going emphasis on the low density, low value uses for which the Borough currently has a significant provision.
 - the kind of provision implied by LBBD's vision, which involves releasing some employment land and intensifies within other designated employment sites uses while pricing out some of the sectors/activities that are currently represented in the Borough, and which, on a pro rata basis over 15 years, might see 20,000 more jobs created (net).
- 5.15 The policy/market related housing growth has been assessed based:
- The development underway at Barking Riverside is supplemented by a range of smaller developments within existing built-up areas and across some of the large sites. This would enable the Borough to provide up to 18,500 additional homes (based on the then Borough's Objectively Assessed need as a baseline position on a pro rata basis over 15 years).
 - At the other end of the axis, Barking Riverside is supplemented with a more pro-active, managed approach focused on bringing forward several large sites and intensification elsewhere. This leads to provision for up to 37,500 additional homes (based on the then Preferred Option target on a pro rata basis over 15 years).
- 5.16 The two policy/market-related employment approaches are combined with the two policy/market related housing approaches to identify the impact on future jobs within LBBD. These combine to create the four scenarios shown in **Figure 5.1**.

Figure 5.1 Policy/market related employment and housing development scenarios

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- 5.17 The forecast scenarios' total job outputs are summarised in **Figure 5.3**. Based on changes within sub-sector jobs, these were then converted into employment floorspace requirements, which are also shown in **Table 5.3**.
- 5.18 Through different rates of employment and housing land delivery, the range between the various scenarios is wide, with scope to support the delivery of between 8,240 to 23,600 jobs between 2016 and 2045. The averaged job forecasts across LBBD's four scenarios is +527 jobs per annum, which is not substantially different from the average forecast of +504 jobs per annum in the DES (2014)¹¹.
- 5.19 If roughly the same annual number of jobs growth is applied across the the emerging LBBD Draft *Local Plan* 2037, then it might be reasonable to assume that there would be demand for an additional 7,500 to 8,000 workers within LBBD over this planning horizon. This forecast level over the plan period is greater than the latest (2017) GLA's borough forecasts for LBBD, which is an additional 4,000 jobs over 15 years (2015-2031).
- 5.20 Since the previous employment forecasts have identified about 40% of future jobs growth within employment sectors typically occupying office, industrial and warehousing premises, then LBBD should consider planning to deliver enough net additional space (after allowing for losses) to support about 3,500 employment space jobs.

Table 5.3 Cambridge Econometrics scenario forecasts in LBBD, 2016 to 2045

Scenario	Scenario 1 – Business as usual	Scenario 2 – Industrial Investment	Scenario 3 – Higher Growth	Scenario 4 – Population Driven
Net change in jobs				
All jobs	8,240	13,510	23,600	17,860
Net change in flsp (sqm)				
Offices	42,520	51,870	95,520	80,780
Industrial/warehousing	-51,240	-24,440	118,840	93,130
All employment classes	42,520	51,870	95,520	80,780

¹¹ Note that this only averages the NLP/Experian forecast and the Labour supply forecast because the other two tested forecasts (the GLA and Trend Based) did not provide a forecast total job estimate.

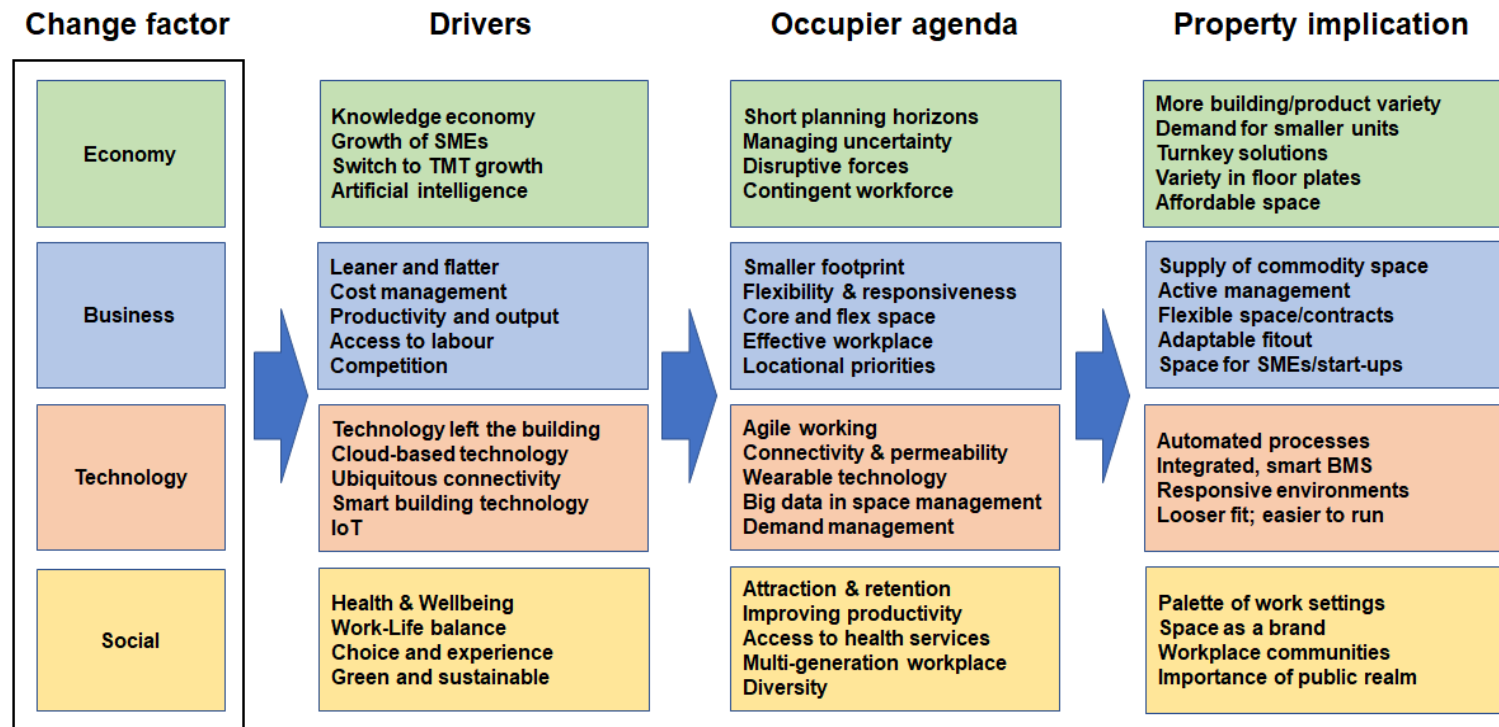
A Changing Economic Landscape

Factors Shaping Future Requirements

- 5.21 A key requirement in achieving LBBD's transformative growth ambitions for employment combined with housing will be land capacity. This amounts to major supply-side measures to release new site development opportunities for jobs and housing, and new social and transport infrastructure to serve a growing population and growing economy.
- 5.22 LBBD is a distinctive borough that is shaped by its physical character and history, its position within London (which is a vibrant World City), and by wider macro-economic, regulatory and technological changes. In headline terms, **Figure 5.2** summarises some of the major socio-economic processes across all three geographical 'layers' that will influence demand for land in LBBD. These processes – and the feedback loops between them – are important in framing the future economic landscape facing the Borough.
- 5.23 In summary, with industrial activity declining in London and in LBBD alike, and with its planned housing expansion potentially changing the occupational profiles of LBBD's residents, there is a growing demand for many new service-based sectors that require E(g) class workspaces. There is also a growing demand for strategic warehousing serving the last mile economy, generating a need for bigger spaces relative to existing spaces.
- 5.24 **Figure 5.3** extends the analysis to provide direct links between wider forces of economic, business, technology and social change and their real estate outcomes. The chart illustrates how these drivers of change affect businesses' agenda and their property requirements. By way of an example, technology in all its guises is having a profound impact on locational requirements, the need for different work settings, automated processes and building management. All these issues are as key future business need in LBBD as they are anywhere else.
- 5.25 Moreover, **Figure 5.3** emphasises the need to look beyond the current, day-to-day mechanics of the Borough's economy. There are forces at work that are shaping future demand, and these need to be addressed if future property supply is to match the needs of the evolving economy. These forces of change are cross-sectoral, influencing demand in office, industrial and retail sectors.
- 5.26 As LBBD seeks to rationalise, intensify and utilise its industrial assets to best effect, it will be critical to address these broader forces of change. In doing so, it will be necessary to provide the kinds of space that will be required in the future, and not simply repeat what has been done in the past. This is a key part of making more intelligent use of land resources rather than playing a simple numbers game over how much land is allocated.
- 5.27 Far more important is whether LBBD is catering for future needs. This will mean a balance of buildings for businesses servicing local, regional and national markets, through a range of building types including major logistics centres, last mile delivery buildings, maker spaces for SMEs, industrial servicing buildings, studio spaces for start-ups and so on. Some activities will require buildings on large parcels of single use land; while others will require small, multi-unit, multi-use buildings. Some will be on parcels of commercial-only land, while others will be suitable for horizontal mixed-use developments.

Figure 5.2 Overarching factors shaping the economic future of LBBD

Figure 5.3 Overarching factors shaping future demand for property



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- 5.28 The drivers of change outlined in **Figure 5.3** help to summarise a longer-term trend discussed elsewhere in LBBD's *Industrial Land Strategy* about the changing nature of the economy. At the highest level, there has been a structural shift from a manufacturing-based economy to a service-based economy. Over the past three decades the economy has become dominated by the service sector; amply demonstrated by the fact that manufacturing (industrial) employment shrank by almost four-fifths, while financial and business services jobs more than doubled. The ramifications for the property market in LBBD, London and nationally are profound.
- 5.29 Within the industrial, retail and office specific sectors, there have been major changes in demand for space. This *Industrial Land Strategy's* focus is on the industrial sector. But a key point here is that much of the activity situated on land designated in planning policy as 'industrial' is not 'industrial' in the commonly understood sense of firms making goods. A 2016 study by Aecom¹² found that almost half of all employment on designated industrial land in London is in fact of a non-industrial nature: 129,400 (or 43%) of a total 301,000 jobs. In many cases, buildings have been adapted and re-used by businesses that are not 'making things', but rather are involved in servicing the services (particularly focused on servicing the central London market). Therefore, there is a need for a subtler understanding of what activities occur on so-called industrial land.

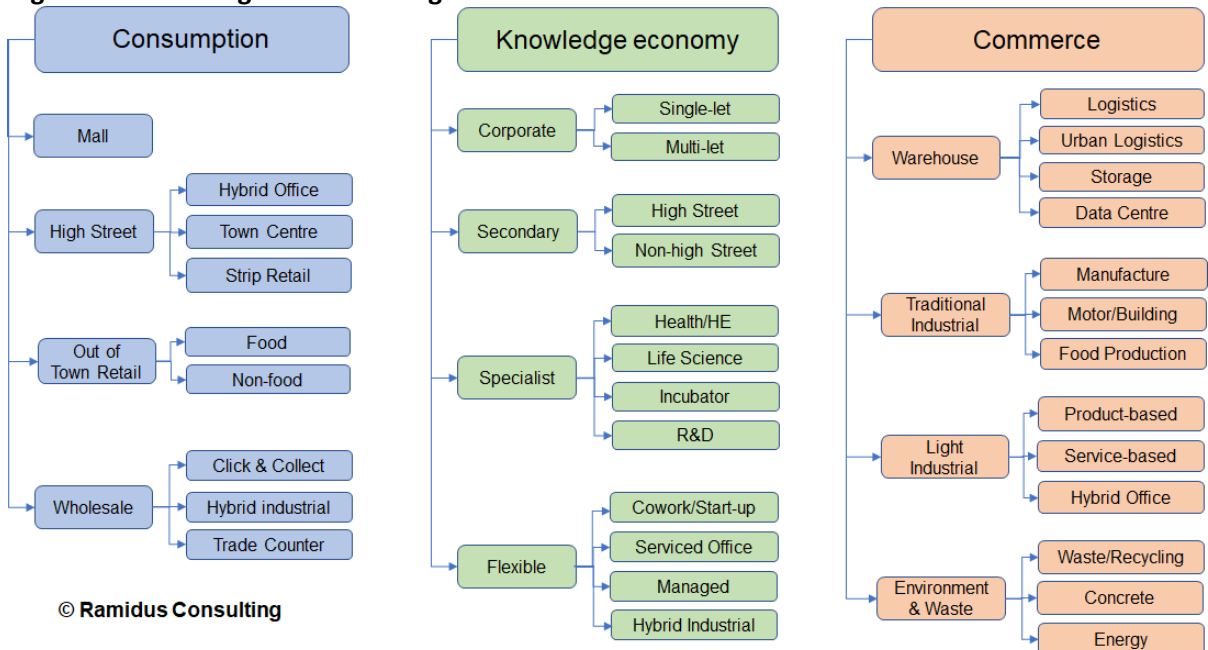
Use of Employment Space

- 5.30 Moreover, many of the activities in industrial buildings use a blend of production, storage, office, creative and sales space. In other words, they are occupying 'hybrid' space, undertaking activities that do not fit neatly into one of the traditional Use(g) classes. Certainly, the Use(g) classes Order (UCO) definitions fail to recognise the breadth of activities taking place. This causes problems when, for example, policies seek to release 'industrial' land that is meeting the demands of a much richer and economically critical demand profile.
- 5.31 **Figure 5.4** shows an activity-based approach to land and building uses, rather than the normal UCO classes. The traditional 'shops, offices and industrials' sectors are replaced by the Level One activities of Consumption, Knowledge Economy and Commerce. These reflect contemporary economic linkages and allow, for example, wholesale activities to be grouped with retail as part of consumption (rather than as part of the 'industrial'). Other Level One headings not included here could comprise Leisure (including cafes, clubs, hotels, gyms, pubs, restaurants and sports facilities) and Living (including care homes, flats, houses and student accommodation).
- 5.32 Each Level One heading is then broken down into Level Two activities to reflect locational and building differences. This encourages a subtler approach to land use planning. Thus, for example, rather than calculating (more often than not with a wide level of uncertainty) how many Use(g) class jobs will need to be accommodated, this model encourages spatial planners to take a more differentiated approach to the types and land and buildings they will require. For example, it highlights secondary office space, which is the backbone of the SME and start-up sectors, but rarely given any special attention (such as protection) in land use terms.
- 5.33 Level Three activities then describe the nature of the work that is taking place. The approach discourages overly simplistic land use designations such as SIL and LSIS, which reinforce perceptions of an outmoded pattern of land use. For example, light industrial uses

¹² AECOM, Industrial Land Supply and Economy Study, GLA 2016

are broken down into product-based and service-based activities. Each requires subtly different types of property and employ different worker skill profiles.

Figure 5.4 Providing for a wide range of uses



- 5.34 The key analysis relates to the point made earlier about an ‘intelligent’ approach to deciding the appropriate future balance of land use needs in LBBB. Chasing a single number (in terms of, for example, how many hectares of B2 land should be retained/released) will not be enough in the future. Land uses are changing and blurring; they are evolving away from the simplistic land use cases and require a more nuanced approach that responds to the ever-changing economic and business landscape. This is already being reflected in the recent changes to the Land Use Class System that came into force in September 2020.
- 5.35 As mentioned elsewhere, many activities on SIL and LSIS are not ‘industrial’ in the traditional sense of the term, and instead are more service focused. This is no less true in LBBB. **Table 5.4** illustrates the breadth of company types undertaking non-industrial activities in industrial buildings.
- 5.36 **Table 5.5** describes the range of activities that might be taking place in the buildings occupied by the business types listed in **Table 5.4**. Many do not involve ‘things’ at all, but are trading services: customer support, design, sales, software and training. The key point here is that the diversity of activities listed implies a range of working environments, from office, to production, to warehousing.
- 5.37 Also hinted at in both charts is a mix of more traditional (e.g. assembly, maintenance and storage) and more modern businesses and activities (e.g. e-commerce and software). This is an important point, suggesting that industrial land and buildings evolve and cater to emerging uses as well as the established uses.
- 5.38 The very wide variety of businesses and activities described here suggests that the supply response in terms of buildings needs to be a richer mix than just large sheds and warehouses.

Table 5.4 Occupier types in industrial buildings

Art production and sale	Event management	Mail management
Audio-visual equipment	Film & sound recording	Maintenance contracting
Building materials & services	Food and drink production	Marketing & media
Business services	Freight forwarding	Packaging supplies
Cash and carry	Furniture & equipment	Photography
Clothing and fashion	Graphic design	Printing
Computers & peripherals	Graphic design	Publishing
Craftwork	Hospitality	Recording equipment repair
Data services	ICT support & infrastructure	Retail & wholesale sales
E-commerce	Import & export	Security
Electrical services	Interior design	Software support
Engineering	Landscape services	Training

Figure 5.5 Activities in multi-use buildings

Assembly	Management & administration	Sales & marketing
Customer & technical support	Packaging	Showroom & demonstration
Customisation & repair	Printing	Software development
Design	Production & manufacture	Storage & consolidation
Distribution	Renting & leasing	Wholesale & retail

Building Requirements

- 5.39 Most service-based occupiers require economical buildings of simple specifications in locations with good access to the central London economy. The buildings should be simple and functional in design, and available in a range of sizes. Ideally, they should be provided on integrated estates with good management. Access is paramount in terms of access and turning space for delivery vehicles.
- 5.40 The main features of such hybrid buildings include:
- Space that combines economy and quality;
 - A basic, low specification that can be upgraded;
 - A fit out that allows adaptation to specific needs;
 - The ability to erect and dismantle partitions to suit changing needs;
 - Better designed environmental control systems;
 - A menu of options available over fit out; and
 - A management regime that is sensitive to business dynamics.
- 5.41 The construction of mezzanines, sub-division of space and enhanced specification are typical of such modifications to accommodate a wide range of activities.

Premises size

- 5.42 The spectrum of companies occupying such buildings is very wide, and there is no typical size requirement, so it is possible to narrow down options. For example, there are very small units of, say, less than 100 sqm, suitable for micro businesses and in multi-let buildings and 'business centres'. At the other end of the scale, a large building might be described as being larger than 3,000 sqm. There will be requirements for space much larger than this; but in terms of typical market activity, anything over 3,000 sqm would be considered a large unit.

Storeys, access and servicing

- 5.43 The number of floors normally varies between one and three, with two being typical. Many purpose-built buildings are constructed as single-storey, double height space with the capability of accommodating a mezzanine floor. Ideally, a mix of single and double height space would also permit different kinds of uses. Proportions will vary, so for generic guidance, perhaps two-thirds of the space at 4.5m high and a third at 6-8m for storage, studios, production, and so on. The higher dimensions allow pallets to be racked six high.
- 5.44 The need for 'white van' access for goods and materials has led to a market norm whereby occupiers are not normally 'stacked' across multiple floors, although there are many examples of 'business centres' where occupiers with minimal such need occupy two and three level developments, with access to a shared goods lift.

Specification typology

- 5.45 Despite the enormous variety of potential occupiers and activities, it is possible to prepare a typology of activities and their appropriate key specification features, which are shown in **Table 5.6**. The table shows four generic demand functions, each reflecting a slightly different user profile and specification requirements, although the management regime is likely to be common to all, which is more intensive than normal for sheds and with greater emphasis on customer services.
- 5.46 The four generic types are not exhaustive, but illustrative of a principle, and can overlap within a single occupation. The proportions of each type of space will vary according to the occupier, emphasising the need for building flexibility, and for a sympathetic ownership/management approach. All four generic types require space that is flexible and easy to adapt. A depth of 13-18m is adequate to cater for most needs, allowing reasonably deep open plan areas, while also giving sufficient depth to allow different configurations of sub-division.

Table 5.6 Four categories of use and their occupier specification priorities

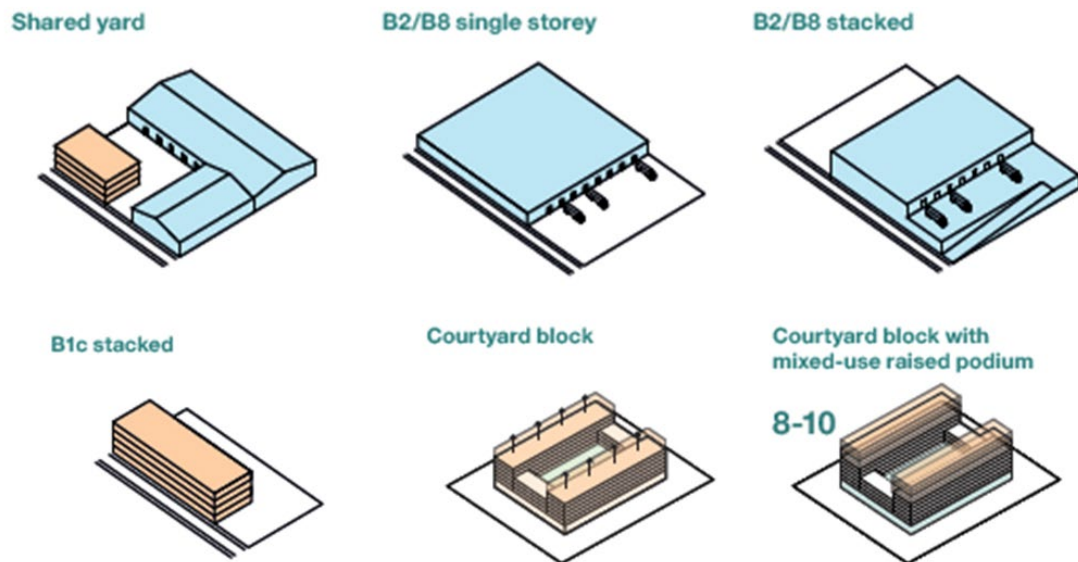
Production	Client-facing	Workshop	Goods handling
Power supply	Quality image	Natural light	Eaves height
Fire protection	Comfort	Comfort	Loading bays
24-hour operation	Accessibility	Security	Column free
Security	Security	Car parking	Secure yard
Retail trade	Car parking	Local amenities	Turning space
Parking & access	Local amenities	Power supply	Parking

- 5.47 The accommodation need is for a higher quality than traditional sheds provide greater functionality. The overriding concern of these types of companies that are referred to here is to find space that combines economy and quality. While office rents and specifications are not needed, a step up from poor quality shed environments is certainly in demand. A basic (low specification) fit out that allows occupiers to adapt to their specific requirements is the basic need.
- 5.48 The ability to erect and dismantle partitions to suit changing needs as product lines and volumes change is an obvious solution. Better designed temperature control systems and protection from the elements would make a major improvement (and reduce the environmental impact) to most buildings. While partitions and temperature control systems are often in conflict, the key is a creative solution to the configuration of single and double height space.
- 5.49 To achieve this more nuanced approach, innovative approaches to building design will be required.

Future spaces to Deliver Industrial Intensification and Co-location

- 5.50 Architect Hawkins Brown's emerging work for Be First¹³ has started to illustrate several premises typologies to suit emerging business needs, which are shown in **Figure 5.5**. This provides a helpful start to consider more innovative approaches to building design to suit emerging business needs.

Figure 5.5 Study premises typologies for intensification



- 5.51 These building typologies (and others) need to be considered in the context of creating capacity for specific activities (as described above). In terms of LBBD's economic strengths, this will mean creating premises suitable for the following (among others).
- **Film studios.** Larger, simpler structures with excellent access and utilities provision.
 - **Logistics.** This sector requires a range of building types to suit both national and more local distribution models. It is a growing sector and one in which LBBD has a competitive advantage. The extant Strategic Rail Freight Site at Box Lane has potential for capacity as do large parcels of land in Dagenham Dock. Castle Green also presents significant opportunities for the creation of logistics capacity.
 - **City Markets.** As noted elsewhere, Dagenham Dock will have a strategic London role in providing a home for City markets. These will bring important employment opportunities and horizontal and vertical clustering. The main markets will also attract ancillary, associated businesses that require co-locations.
 - **Education.** There has been a noticeable growth or interest in east London for HE facilities moving out of the higher cost central London. These are likely to be more specialised buildings with tailored requirements.
 - **Construction.** Similar to the logistics market, LBBD's comparative advantage in terms of land supply makes it an attractive potential location for a specialism in the construction sector, particularly around off-site construction for modular works. It will be important to understand the emerging needs of the sector and to respond to these with land and building solutions.

¹³ The Future of Our Employment Land (June 2018) – Draft in progress.

Borough Infrastructure

- 5.52 Other investment that may provide drivers for future growth, including changes in LBBB's residents and workforce skills, and infrastructure, are briefly considered.

Skills

- 5.53 The Coventry University London campus at Becontree now offers a range of courses on a part time and full-time basis with a focus on engineering, science and humanities. The university seeks both to deliver local further and higher educational needs, as well as attracting students from further afield. The provision of additional student housing will be pivotal in the university expanding its catchment area and its influence in the Borough with potential facilities in Barking Town Centre that can create a more vibrant evening economy.
- 5.54 The main change for skills is likely to be in the new housing that is offered that will attract inward migration into the Borough. In particular, with the lower residential prices in London, along with good connectivity, it is likely that the workers moving into London, particularly younger workers who tend to be better qualified, will target new housing within the Borough. The prospect of long-term investment in infrastructure and housing in LBBB could be better related to economic and social benefits through attracting higher skilled residents. Therefore, any economic opportunities from the new residents that may bring higher levels of skills should be targeted to support local businesses and future enterprises.
- 5.55 It will also be important that more deprived residents have the opportunity to obtain employment in growth areas. This is to reduce the disparity between the low skills requirements of jobs available locally and the potential for higher skill levels of many of the resident workforce. Getting lifelong learning and further education provision right is a potentially major win for LBBB, and is likely to have highly beneficial effects over the long term on both growth and social inclusion.

Transport Infrastructure

- 5.56 The *Draft LBBB Local Plan* is promoting better integrated transport infrastructure. It is seeking to deliver transport schemes to support and enhance development, reducing reliance on the private car and improving people's quality of life both in terms of access and well-being.
- 5.57 It is providing commitment to lead on significant improvements to cycle and pedestrian facilities and the delivery of new services such as the overground extension to Barking Riverside, Crossrail at Chadwell Heath, High Speed Rail (HS1) the Thames Clipper, new train stations at Beam Park and Castle Green, new river crossings such as at the River Roding; direct rail links to HS1 and the undergrounding of the A13 strategic highway.
- 5.58 The following strategic transport interventions are summarised from Troy's *Infrastructure Delivery Plan* (Nov 2019)
- 5.59 In September 2019, TfL submitted a bid to the DfT for funding improvements to the major road network in London. The total bid for ten schemes was for £375m with the funding for each scheme would be between £20m and £50m. The bid included a bid for a major asset renewal of the A13 Lodge Avenue Flyover. If the bid were successful, this would enable the existing temporary steel flyover to be replaced with a longer-term solution.
- 5.60 The new Castle Green development will be created on top of the A13 highway, and TfL and LBBB have investigated the option of replacing the section of the A13 between Lodge Avenue and Renwick Road with a 1.3km road tunnel. This project, known as the A13 Riverside Tunnel would address existing traffic congestion and would allow for the

- redevelopment of the Castle Green area. Despite not being part of the current TfL Business Plan, it is understood that TfL is supportive of the principle of the scheme.
- 5.61 Construction has begun on the Barking Riverside extension which will add 4.5 km to the London Overground Gospel Oak to Barking line. There will be a new station at Barking Riverside to serve the extensive housing development in this area. It is expected that train services will start in December 2021. Within the extension, passive provision exists for a second station on the extension to serve Castle Green that could be accessed from Renwick Road. This proposed station could provide better access to public transport for potential development sites in the Castle Green area.
- 5.62 More strategic projects such as the creation of the Elizabeth Line (formerly known as Crossrail), will have implications for LBBD. Chadwell Heath has been included as a station stop on this line, so providing faster links to Central and West London and Heathrow. It is expected that a full service will start in late-2021.
- 5.63 In the Intend to Publish *London Plan*, the Mayor has prioritised a Barking Riverside to Abbey Wood London Overground crossing due to the lack of river crossings in the Thames Estuary area, which is holding back growth and development.
- 5.64 TfL is also currently upgrading the District Line (which services all the tube stops in the Borough) through the Four Line Modernisation project. This includes new trains, new track and drainage, and a new signalling system. The project is expected to be completed in 2023.
- 5.65 Anticipated passenger growth on the Essex Thameside route (serving Barking and Dagenham Dock) to both 2023 and 2043 can be met through further train lengthening of services to 12 carriages. Should growth projections exceed that forecasted, capacity improvements could be implemented earlier. Trenitalia c2c is committed to introducing an additional 60 carriages to their fleet in 2021 to meet increased demand and investment of c£105m.
- 5.66 TfL is currently considering options to extend the DLR from Beckton to Thamesmead. Whilst the plans do not impact the Borough directly, there may be opportunities to extend the DLR north to Barking and Ilford in the future.
- 5.67 Castle Green, Barking Riverside and Beam Park are the subjects of a Housing Infrastructure Fund application that aims to deliver transport improvements with a rail link from Barking Station to Castle Green and Barking Riverside for interchange on to London Underground and C2C services. Beam Park will benefit from a new platform on the C2C line and proximity to the existing Dagenham Dock station. The HIF bid also provides a land assembly budget for Castle Green (£150m) and minor junction improvements to the A13 to speed the delivery of Barking Riverside.

Other Key Infrastructure

- 5.68 LBBD has, or is adjacent to, several key infrastructure providers or opportunities to deliver:
- Major sewage treatment works,
 - Energy from waste plants, switching stations and associated infrastructure,
 - Aggregate processing plants,
 - Protected wharves and
 - Railhead interchanges.
- 5.69 These facilities provide a strategic role for both LBBD and the wider industrial economy and they should be protected from conflicting uses such as residential that can act as “agents of change” and undermine their commercial viability in the longer term. This provides a prima facie reason for intervention.

- 5.70 NTT is constructing a data centre that will be Europe's largest (c60,000 sqm) at the former industrial site adjacent to the Dagenham East underground station.

Conclusions

- 5.71 For London's and LBBD's growth context, it will be essential to create growth capacity. Through employment and housing land delivery under different scenarios, there is scope to support the delivery of between 8,240 to 23,600 jobs within LBBD, which is equivalent to planning for an additional 7,500 to 8,000 workers within LBBD over the period of the emerging LBBD Draft Local Plan 2037. This is greater than the latest (2017) GLA's borough forecasts for LBBD, which is an additional 4,000 between 2015-2031.
- 5.72 Since about 40% of future jobs growth has been identified to be for offices, industrial and warehouse jobs by previous employment forecasts, then LBBD should consider planning to deliver enough net additional space (after allowing for losses) to support about 3,500 jobs in these employment spaces.
- 5.73 This amounts to major supply-side measures to release new site development opportunities for jobs, housing new social and transport infrastructure, that serve to make LBBD a good place to live and work. This is because businesses, residents and skilled workers are all footloose, and will choose to locate in nicer places subject to there being the right kind of jobs.
- 5.74 In creating a competitive economy, it is important to encourage long-term investment in workspaces that will work for businesses, and also the infrastructure, skills and knowledge that will support the businesses occupying those spaces.
- 5.75 If LBBD is going to prosper it needs to create an environment where this investment stays when competition for economic activity is rising and businesses and skills are becoming more footloose. Therefore, LBBD must embed quality economic activity as deeply as possible in the economy.
- 5.76 These considerations are considered in the next chapter and the final chapter, where LBBD's employment land available for facilitating this transformation is reviewed.

6 Employment Sites Assessments

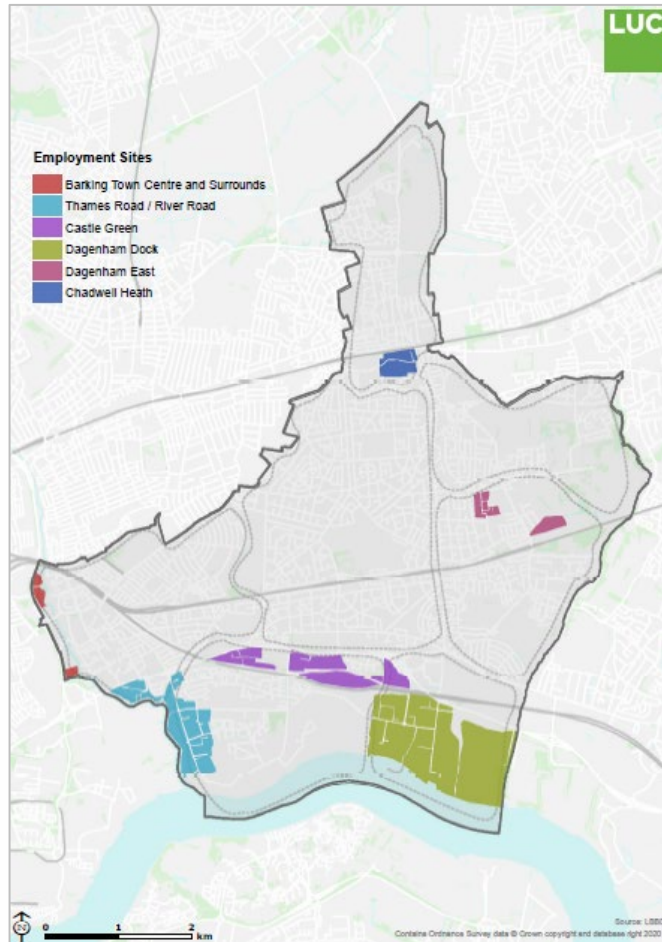
Introduction

- 6.1 This chapter considers the potential of LBBB's employment areas to better meet what occupiers want in terms of the modern needs of the local economy that were set out in **Chapter 5**, and to support the delivery of up to 23,000 jobs in LBBB.
- 6.2 It considers this within the context for the 'limited release' of industrial floorspace capacity being applied across LBBB's Strategic Industrial Land (SIL) and Locally Significant Industrial Sites (LSIS). Also, to secure more efficient use of land in line with the Government's agenda, this assessment considers the opportunities for industrial intensification, along with some specific reconfigurations within individual sites.
- 6.3 The assessment considers the land supply for offices, industrial and warehousing land and buildings, and similar land uses, collectively described as 'employment' uses. These uses accommodate around four in ten jobs nationally and slightly fewer in LBBB. In reviewing the land supply, this chapter offers recommendations on how LBBB's employment sites may be more efficiently developed and/or transformed to help meet the requirements for employment uses and other land uses, principally residential, through industrial intensification and co-location of different uses, along with supporting economic clusters.

Overview of Employment Areas

- 6.4 The LBBB's has six core employment areas where all its strategic industrial land (SILs) and local strategic industrial land (LSISs) are located. These areas are shown in **Figure 6.1**, covering:
- Dagenham Dock SIL/NDIS (part of Dagenham Dock and Rainham SIL)
 - Castle Green (along with Box Lane forms the Rippleside SIL)
 - River Road SIL/LSIS (River Road, Thames Road, Creekmouth and Kingsbridge)
 - Dagenham East LSIS/NDIS (Dagenham East and Wantz Road)
 - Barking & the River Roding Area LSIS (Gascoigne South and Hertford Road)
 - Chadwell Heath LSIS
- 6.5 According to a recent review of floorspace areas within the core employment areas within LBBB¹⁴, it was identified that LBBB has 348 ha of SILs located within three SILs in the southern part of the Borough at Dagenham Dock SIL, River Road SIL and Rippleside SIL. The LBBB has 68 ha of LSISs located within four LSISs spread around the borough. In addition, the six core employment areas include some of LBBB's Non-designated Industrial Sites (NDIS), totalling 48 ha. A summarised split of area by land class within these employment areas is shown in **Figure 6.2**, showing that SILs cover three-quarters of these core employment areas.

¹⁴ A part of the on-going masterplanning of the Thames Road, Castle Green and Chadwell area core employment areas, and a review of the Valuation Office data for the Dagenham Docks, Barking & the River Roding Area and East Dagenham core employment areas.

Figure 6.1 LBBB's Core Employment Areas

- 6.6 The core employment areas in LBBB accommodate slightly more than 1.3 million sqm of commercial floorspace (excluding open storage space), including 1.1 million sqm of industrial/warehousing space. As shown in **Figure 6.3** and **Figure 6.4**, the majority of this floorspace is in the designated SILs, which account for two-thirds of LBBB's commercial floorspace within the core employment areas. This lower proportion of floorspace relative to land area within the SILs is due to large swathes of the SIL land being used for open storage activities, as shown later in **Figure 6.5**.

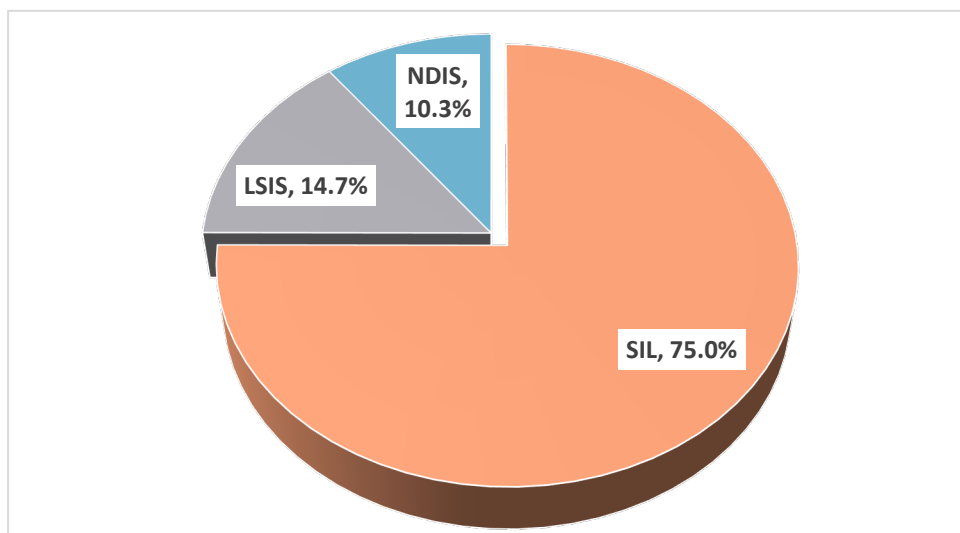
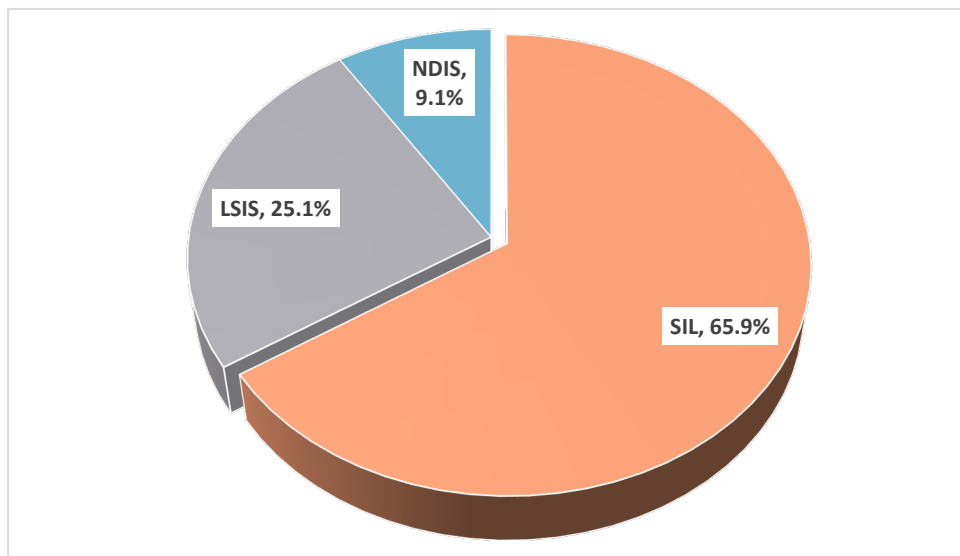
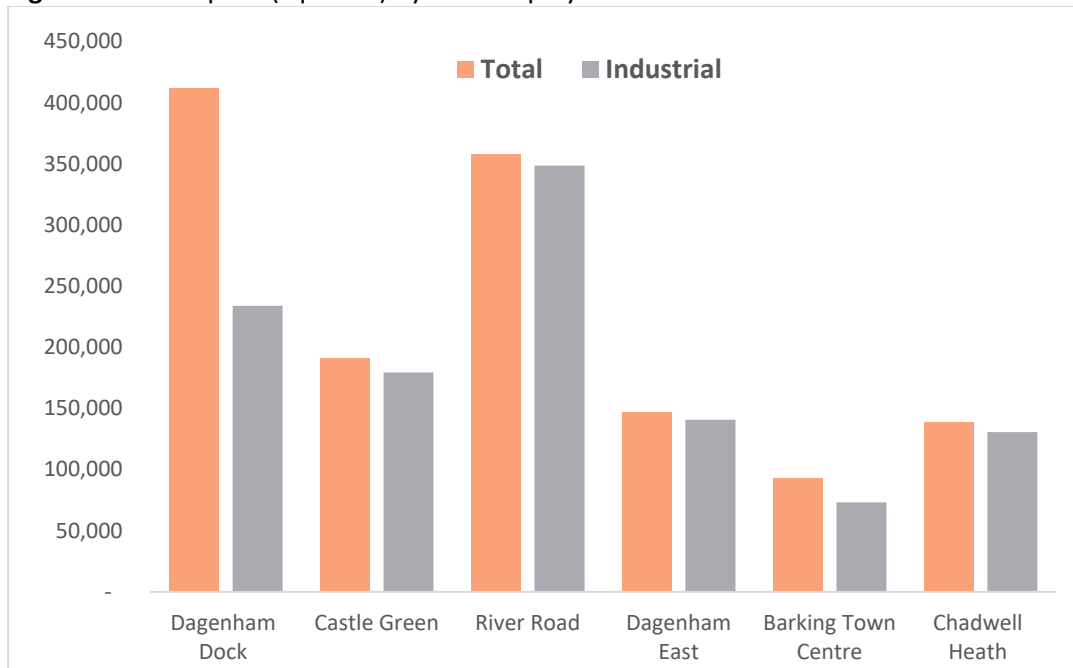
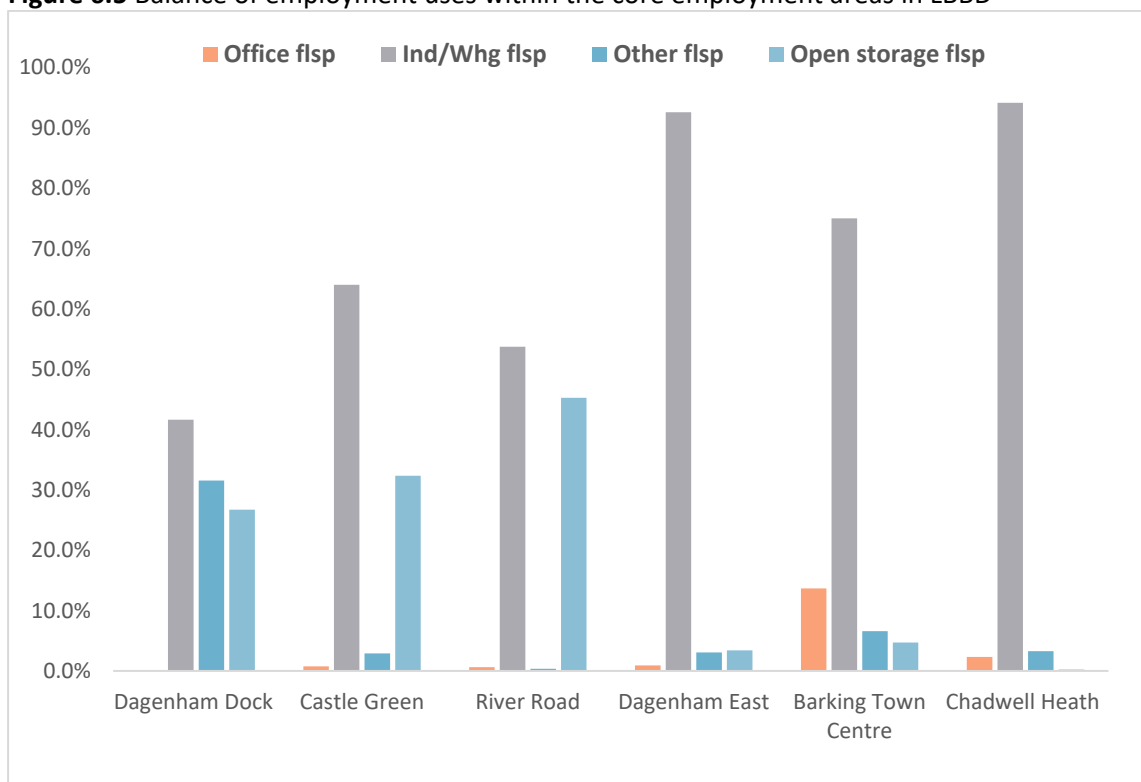
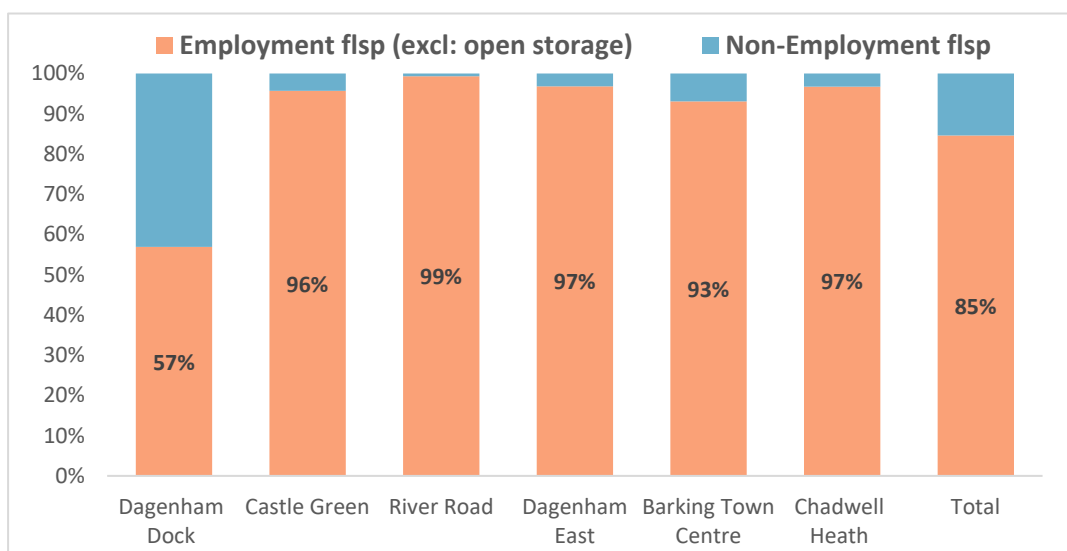
Figure 6.2 LBBB's total employment area by GLA classification

Figure 6.3 LBBD's total employment floorspace by GLA classification**Figure 6.4** Floorspace (sqm GIA) by core employment area

- 6.7 A breakdown of the existing employment uses (based on Valuation Office (VOA) records), into Office (E(g) class), industrial/warehousing use (B2, B8 classes) along with open storage land uses (B8 class), are shown in **Figure 6.5**. This clearly shows the significance of open storage in the Borough concentrated around River Road, Castle Green and Dagenham Dock. This illustrates the cluster of employment land space being used for low intensity uses that have no or limited built space.

Figure 6.5 Balance of employment uses within the core employment areas in LBBD

6.8 **Figure 6.6** shows a small proportion of non-employment uses to occupy 15% of the total built floorspace. However, Dagenham Dock has a high proportion of non-employment use floorspace, which is largely occupying spaces along the New Road area.

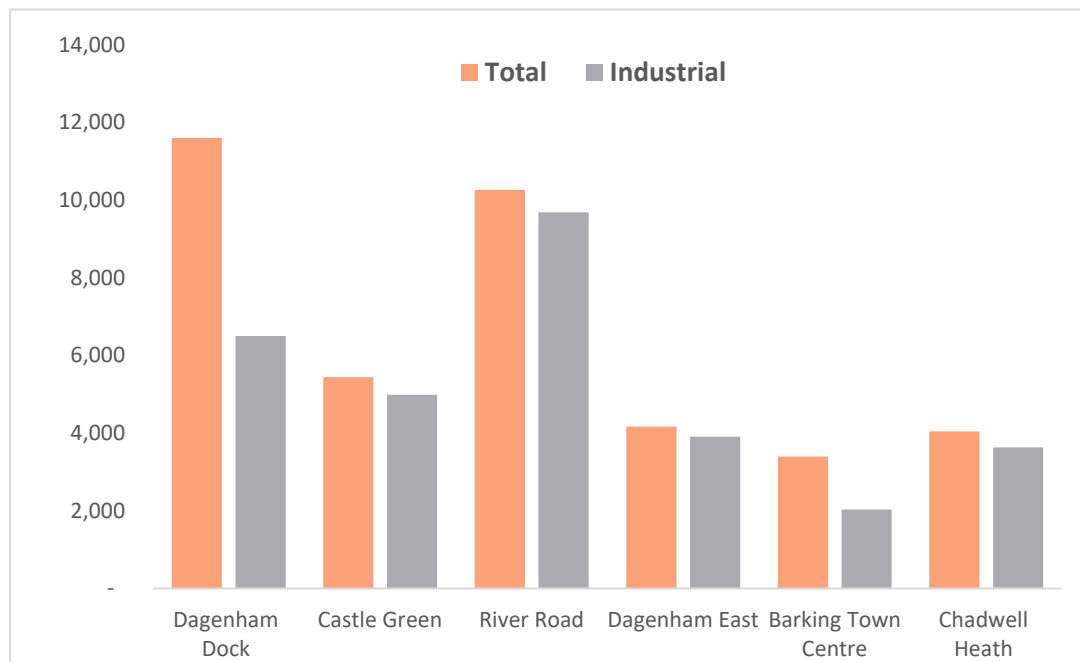
Figure 6.6 Employment and non-employment uses within core employment areas

6.9 It can be estimated that some 39,000 workplace jobs can be accommodated within the existing built floorspace within these core employment areas¹⁵. This includes some 31,000 industrial/warehousing jobs, as summarised in **Figure 6.7**. But the potential for supporting

¹⁵ By applying the GLA/HCA evidence base employment densities taken from the GLA commissioned CAG, London Employment Sites Database 2017, Table 3.3.

this number of workplace jobs is also dependent on the quality of space and the level of vacant space.¹⁶

Figure 6.7 No. of existing employment workspaces within the core employment areas

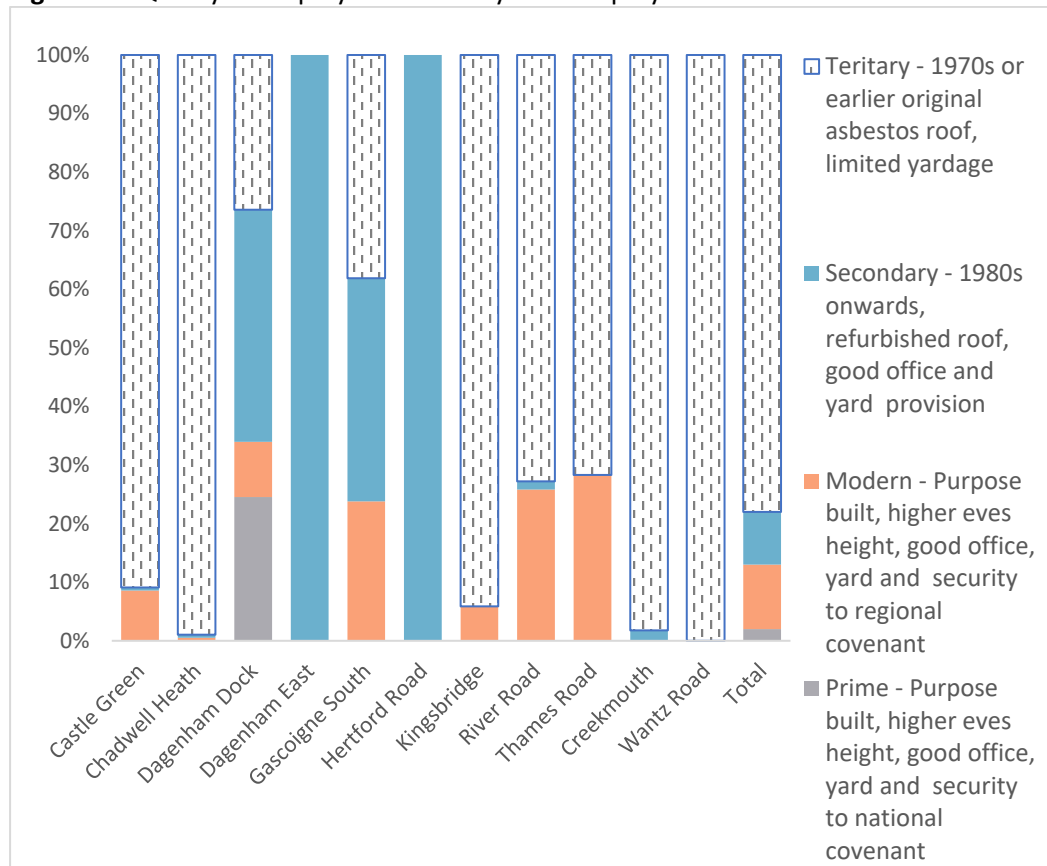


6.10 From a qualitative assessment of LBBD's industrial estates, the age of the building stock and its state of repair for the current uses have been illustrated in **Figure 6.8**. This included the following classification of premises:

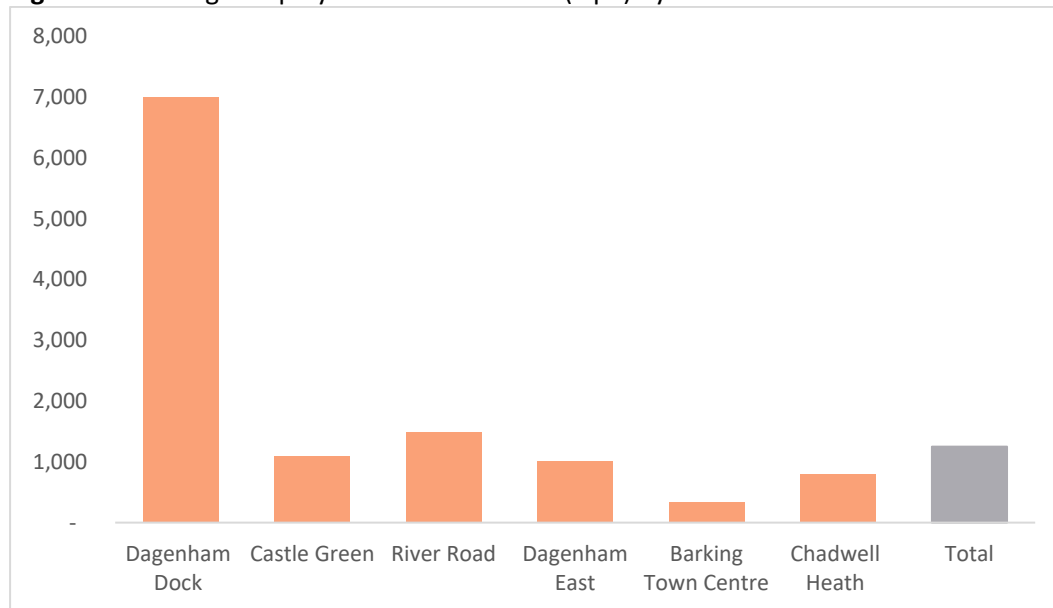
- **Prime**, purpose-built floorspace constructed in the last 10 years occupied by a national or regional covenant;
- **Modern**, purpose-built accommodation built in the last 15 years occupied by a national or regional covenant with recent capital expenditure enhancing the less ability of the floorspace;
- **Secondary**, purpose-built accommodation built in the last 15 years in a well-maintained condition in need of capital expenditure to maintain the buildings let ability; and
- **Tertiary** accommodation dating from the post-war era which is now significantly compromised in terms of floorspace provision and the fabric of the building requires significant capital expenditure/wholesale redevelopment.

6.11 The level of prime accommodation is identified to be very limited and is generally focused in Dagenham Dock, where a mix of quality of employment spaces is located. LBBD's LSIS designations tend to have the highest concentration of secondary accommodation, while the majority of the accommodation in the SIL estates has been classified as tertiary, which is reflective of its age and a lack of recent investment, typified by a high degree of freehold ownership by local businesses.

¹⁶ This is because the GLA employment densities are likely to reflect potential employment within prime, modern and efficient buildings.

Figure 6.8 Quality of employment uses by core employment area

- 6.12 As previously discussed in **Chapter 4**, while the vast majority of available floorspace in the Borough comprises smaller unit sizes, the bulk of the operator demand is for larger units, over 5,000 sqm.
- 6.13 **Figure 6.9** below provides further evidence of the size mismatch in supply and demand. Despite LBBD's advantageous location as a logistics centre for the London region, the average size within the core employment areas is just 1,250 sqm, and only Dagenham Dock averages unit sizes of over 5,000 sqm, therefore making a substantial provision for larger units close to the A13.
- 6.14 This emphasises the scale of the mismatch between supply and demand in terms of the size of units available and the quality of the stock available. Both are inadequate for most modern occupiers.
- 6.15 However, supporting micro-businesses that are growing in LBBD should not be put aside since these could be used to re-engineer high streets uses in a time of structural economic change in the retail sector. Developing this type of space will be important for meeting any demand for smaller spaces through developing new business functions in neighbourhood or town centre co-working spaces.

Figure 6.9 Average employment use unit sizes (sqm) by estate area

6.16 Overall, the key headlines from the industrial audit conclude that:

- Most employment floorspace is focused on SIL estates rather than LSIS estates;
- There is a significant proportion of open storage and non-employment use with the SIL and LSIS estates;
- The majority of units are not fit for the modern industrial requirement with a low average unit size;
- The majority of the stock is now dated with only 3% classified as prime.

The Site Assessment Framework

6.17 LBBD's core employment areas have been reviewed in terms of their future delivery for employment activity. **Figure 6.1**, shown earlier, identifies these areas.

6.18 This assessment considers the current site characteristics, locations and market conditions within LBBD in terms of their broad market and deliverability potential to meet the identified modern requirements. This also considered the opportunities the merits of different future growth scenarios and the resulting land requirements for different land uses, including sense testing employment land intensity based on denser plot ratios and emerging Plan-led and Masterplans using GLA guidelines set out in its Industrial Intensification and Co-location Practice Note (GLA, November 2018).

6.19 A summary of this review is included in **Appendix B**.

7 Delivering LBBD's Industrial Land Strategy

Introduction

- 7.1 The issue of deliverability is critical to the success of the *Industrial Land Strategy*, and the most important component will be the potential for LBBD employment sites to support the Borough Council's objectives for transformational change and growth, while aligning with the Intend to Publish *London Plan* approach to industrial intensification and the GLA's limited release designation for LBBD.¹⁷ LBBD's *Industrial Land Strategy* must also align with Government guidance on the efficient use of land so that sites that are not deliverable for employment in practice should not be allocated for employment.
- 7.2 In light of these considerations, this chapter identifies some broad approaches and specific actions for intervening in delivering the Borough's employment sites to meet the requirements identified in the previous chapter. The approach is principally focused on the need to deliver more efficiently developed and/or transformed employment sites to help meet the requirements for employment uses through industrial intensification and co-location of different uses, along with supporting economic clusters. This is focused on the use of specific interventions by drawing from the evidence presented in earlier chapters and is cognisant of discussions with Be First.

Transforming Employment Sites

- 7.3 For policy compliance with the Intend to Publish *London Plan*, the quantum of employment floorspace that LBBD should plan for is based on the GLA employment growth forecasts.
- 7.4 To comply with the objectives of LBBD's *Borough Manifesto*, and particularly to help meet its transformation objectives for the economy, it will be necessary to encourage a wider range of skilled job opportunities and better quality employment uses through a proactive plan-led. To achieve this central aim, it will be necessary to create modern commercial stock.
- 7.5 This will include the new E(g) class office, studio, light industrial and storage space, all within or in proximity to mixed-use developments. If successfully delivered, such space can create a range of benefits, including:
- Commercial premises for the new types of growth activity thus raising the number and quality of jobs in the Borough.
 - Jobs in sectors that do not typically occupy offices, industrial or warehousing premises, which constitute the majority of employment and a growing share of the total in the LBBD.
 - Freeing up land to enable the Borough to deliver more efficient industrial spaces with larger floorplates.
 - Better built environments, improving the quality of life for residents.
 - Work and homes planned to reduce travel to work.
 - Image transformation that is required if LBBD is to become a more attractive business location within the regional economy.

¹⁷ Note that the draft *London Plan* target for a 65% plot ratio for industrial and warehousing sites has now fallen away following the SoS' letter to the GLA to move away from its default 65% plot ratio and to rely on a comprehensive and pragmatic approach for re-providing existing levels of floorspace.

- The deliverability of commercial space, where the developer market for such space has been very weak.
- 7.6 As a result, most co-location schemes within integrated buildings involve the provision of 'neighbour-friendly' office/studio type employment space and more often retail/leisure on the ground floor with residential above. This is appropriate in LBBB's case because growth sectors will be occupying E(g) class (office/studio/light industrial) premises with companies seeking to service the central London market.
- 7.7 Employment in offices and light industrial/workspace is forecast to grow, similarly so are non-employment uses that will include retail and leisure, while B class industrial/warehousing employment is not. Consequently, consideration should also be given to where industrial employment land can be redeveloped for other employment uses.
- 7.8 Should there be a need for new or replacement space for the industrial uses where existing sites are intensified, then there is also a potential for such uses, including a mix of uses, to go on larger sites such as in the SIL areas, which will allow for a separation of uses and therefore scope for accommodating more intensified industrial uses.

Guidance for Transforming LBBB through Development

- 7.9 In generating recommendations for development options with regards to the employment areas in LBBB, and based on the evidence base prepared as part of LBBB's *Industrial Land Strategy*, the following intervention layers are considered appropriate to help transform LBBB's economy.

Borough-wide Intervention strategy

- 7.10 To support the provision of employment premises appropriate to LBBB objectives and the needs of growing sectors on a range of site types, Be First and the Borough Council should follow four key intervention principles.
 - Continue to raise the image of the area through proactive promotion. Also, target those companies from sectors that are priority targets for the area. In this regard, it may be relevant to seek to understand and plan for the impact of increasing automation on LBBB's residents and businesses, since currently there is no certainty about how these changes will play out in practice.
 - Encourage industrial intensification through co-location and substitution by upgrading and renewal of existing stock through improving the image, landscaping and security of existing estates, and the development of, or encouraging the renewal of, existing sites, as well as considering sub-division/extension of premises where appropriate.
 - Assist start-up and small businesses to develop and grow within LBBB. Strengthening and targeting information and brokerage to help SMEs find suitable accommodation as a way of supporting new enterprise and encouraging owner-occupation will be important.
 - Encourage new supply through direct public sector interventions on the focused sectors for growth, encouraging the accommodation of specific property types within new developments.

Be First's role

- 7.11 In facilitating this transformation, LBBB/Be First could act as an overall development promoter with a sizeable capital injection or to selectively intervene to minimise the scale of capital required for land purchase and construction. Certainly, LBBB/Be First will need to

build relationships with third-party funders and existing landowners to accelerate delivery and to lever funding from the private sector. This is likely to require a land budget for additional land purchases and a professional fee budget to secure planning and planning promotion agreements on other sites to secure the delivery of LBBD's *Industrial Land Strategy*.

LBBD Borough Council's Role

- 7.12 In retaining space, and in improving and delivering new space to assist in delivering a transformative economy, the Borough Council will need to focus on making suitable policy choices and/or provide a high-level land use strategy for designated and non-designated industrial sites covering a wide area. Through its plan-making control, the Borough Council should identify where the losses of industrial/warehousing space should happen.
- 7.13 In securing transformative changes, there are two policy approaches, which, along with their associated benefits and risks, are summarised in **Table 7.1**. Although these options support the de-allocation of some employment sites, they potentially allow for the development of new employment floorspace achieving a long-term viable mix of employment in LBBD.

Table 7.1 Broad policy approaches to development intervention

	Option 1	Option 2
Approach	Allow selective de-allocation of employment sites. Re-provide lost employment floorspace on alternative sites.	Allow selective de-allocation of employment sites on a criteria-based approach, with re-provision of some/all new (E(g) class or B2/B8 intensified employment spaces)
Description	Pro-active approach to providing employment. Section 106 contribution required from sites where employment is lost, with contributions used by Borough Council to develop new (off-site) employment provision, and for estate management.	Comprehensive redevelopment of identified sites with a requirement for on-site re-provision of lost employment. Estate management is critical to the success of co-location schemes and this should be sought through s106 agreement.
Benefits	Achieve provision of new private/affordable housing and environmental improvements, and utilise contributions secured to invest in more viable long-term employment locations in the area.	Encourage the market to deliver co-location development and improve employment space on-site through industrial intensification. Other benefits (e.g. community facilities, affordable housing) provided under a comprehensive approach.
Risks	More complex delivery mechanisms required, and dependent on finding alternative suitable sites and sufficient contributions from development. It also requires a significant amount of resourcing of Borough Council time.	Allowing a mix of uses can lead to residential led development leading to unmet employment aspirations for the site.

- 7.14 Both policy options should involve the Borough Council in taking a pro-active approach to releasing existing poor employment space for higher value redevelopment (where appropriate); and securing contributions from this to directly provide new employment floorspace would be the most effective means to achieve the Borough Council's land use objectives. Securing such contributions could be used to acquire and develop land for new employment floorspace (potentially by CPO) or acquire and improve privately owned employment areas, which are discussed later.

- 7.15 To deliver this requirement, Be First and the Borough Council could seek a private sector partner for a joint venture (which is discussed later) to invest in, and improve, local authority owned industrial properties/estates. In exploring this option, the following workstreams should be carried out.
- Calculation of the loss of employment space and the cost of re-providing this space. This should include a site search for suitable alternative sites/premises.
 - Calculation of the contribution/tariff required to re-provide lost employment space. The viability of this contribution/tariff should then be assessed against alternative options identified to ensure the policy is deliverable.
 - Identification of options for viable joint venture structures and potential private sector partners.
 - Consultation with landowners/developers on the proposed policy approach and contribution/tariff level.
- 7.16 In a rapidly changing and uncertain economic environment, an ability to change rapidly is essential. London has shown that flexibility and much of LBBD's growth chances and success will occur because it is flexible and adaptable; this applies to both its fabric and its communities. Often unremarkable, the built form has shown an ability to be adapted over time to new uses and changing economic circumstances, and LBBD's *Industrial Land Strategy* will need to keep this concept of flexible spaces in mind.
- 7.17 The challenge for LBBD is to develop a policy that is sufficiently flexible that it encourages development, yet sufficiently precise that it achieves the desired balance. To achieve this balance, it is necessary to adopt broad policy guidance that is flexible enough to allow rapid adaptation to economic change.

Supplementary Planning Document (SPD)

- 7.18 To give further detail to policies and proposals on industrial intensification supported through the Local Plan, the Borough Council should prepare a Supplementary Planning Document (SPD)¹⁸. Through its plan-making control, the Borough Council should identify where the losses of industrial/warehousing space should happen.
- 7.19 The challenge for LBBD is to develop a policy that is sufficiently flexible that it encourages development, yet sufficiently precise that it achieves the desired balance. To achieve this balance, it is necessary to adopt broad policy guidance and more site-specific SPDs, in line with the requirements set by the GLA for releasing employment land within SIL and LSIS. This will avoid relying on windfall gains and losses to deliver the right amount of space, which is a far less reliable outcome. This should distinguish between different types of employment uses and compatibility with other uses within co-location schemes. For example, where employment space is integrated into the same built structure as residential space, then its user profile must be compatible with residential use (as set out in the GLA's guidance on this matter).
- 7.20 The SPD should cover a range of issues and can be thematic or site-specific, which would be an important consideration in determining future planning applications. These recommendations may include:

¹⁸ Supplementary planning documents are capable of being a material consideration in planning decisions but are not part of the development plan.

- Comprehensive advance masterplanning, developed in collaboration with the GLA and Be First/the Council, published for public consultation in advance of planning applications for individual sites
- Comprehensive parallel masterplanning, produced alongside the submission of a planning application, discussed with the GLA and Be First/the Council at the pre-app stage and consulted upon at the same time as the planning application.

7.21 In developing an SPD, the following points should be considered:

- The SPD should seek to maximise the employment within proposed intensified or co-location sites.
- The focus should be on the quantum and quality of jobs rather than the amount of floorspace provided.
- Note the expected outputs in terms of numbers of jobs to be accommodated rather than what needs to be provided within a scheme to achieve the expected outputs.
- Conditions can be placed on applications relating to the phasing and use of sites to avoid developers only building the residential elements. For example, setting a condition on the delivery time for employment space coming forward to ensure employment space is provided and can operate on a site.
- Flexibility within policies encouraging intensified industrial uses and co-location will be important. So, rather than a generic policy or restricted policies, each scheme should be looked at case by case.

Masterplans and Area Action Plans

7.22 Planning should also intervene positively to stimulate demand and encourage development, through tools such as Masterplans and Area Action Plans. Such tools help guide developers and investors and assist in addressing economic development issues in a wider, spatial context. They also address economic objectives and integrate the potential developments with infrastructure, housing and environmental considerations in a holistic manner. They also identify any cross-subsidy required, and planning gain to be shared out in a manner consistent with the overall policy objectives of the Local Plan and a transparent fashion open to public scrutiny. Complementary strategies to tackle issues such as skills will enhance the market attractiveness of the area as a place for inward investment.

Business Plans

7.23 In planning for bringing sites to the market, and in seeking to maximise the wider economic returns for LBBB, it would be helpful for Be First to develop business plans for key sites. On a site-specific basis it may help to first set out a better understanding of why new development does not come forward and then to look at the types of initiatives that have been tried to facilitate the development of employment floorspace.

7.24 Among other things, each site/area business plan must identify the following:

- outcomes being sought, e.g. amount of commercial space, type of space;
- types of interventions, if necessary, required for bringing sites forward;
- delivery arrangements; and
- where investment might be sourced, for example:
 - S106 agreement
 - Community Investment Levy (CIL);

- local authority prudential borrowing; and
- Government funding.

Local Development Order (LDO)

- 7.25 Similar to the above, positive planning can provide a boost to local economic development. LDOs can be adopted by local authorities to allow certain types of development within defined employment areas without the need to obtain planning permission. LDOs provide a form of 'positive planning', which can provide a boost to local economic development through building business confidence for generating investment in employment space within a delineated area. The rationale is that potential occupiers/developers will gain confidence in investing in property because of more autonomy and flexibility, and therefore faster speed of delivery, which all should combine to reduce cost.

Land contributions

- 7.26 One specific form of gap funding can be through a contribution from the local authority in the form of land or site servicing. Land at nil value reduces overall development costs, hence improving viability. Such a step has opportunity costs and needs weighing in terms of the Borough Council's overall objectives and will most importantly depend upon the location and suitability of landholdings. The Joint Venture business model relies heavily on the use of selling Borough Council/Be First land to generate receipts to assemble sites for onward sale to private developers.

Use of planning gain

- 7.27 These are various tools that planning authorities can deploy for bringing sites forward for development. These mostly relate using planning gain to pay for critical infrastructure or the provision of certain types of employment spaces within a new development. To achieve this, it is necessary to allow developers to build something that will generate profit beyond the normal developer mark-up, which typically may include residential uses. Achieving planning gain may be achieved through the statutory planning system, either via planning documents, a CIL charging schedule or by individually negotiating S106 agreements on a site-by-site basis or through a combination of these approaches.

Financial assistance

- 7.28 Land values in LBBD suggest that the Borough can provide competitively priced employment space, and this advantage should be optimised. But viability is a question here, and Be First and the Council should review, at least at a broad level, the suitability and viability of all potential industrial sites to establish what would be needed to make them viable. This should include the need for public intervention and/or close working with developers to ensure delivery that may include mixed use developments. This is particularly true for the office market, which currently is small with LBBD, and it is likely to remain as such, so targeted provision will be required.
- 7.29 As part of the policy development and planning process, all site capacities should be subject to further masterplanning and viability testing by Be First and the Council and this will need to be monitored to ensure that any implications are addressed. In considering funding options, discussions should be undertaken with the GLA.

Compulsory Purchase Orders

- 7.30 Also, local authorities may help facilitate developments where there are land ownership issues by purchasing land using developer funding. For instance, if a site is in multiple ownership then the Borough Council through use (or threatened use) of CPO powers may be

more persuasive in acquiring land into ownership to release development. But in most cases, this should be used only as a last resort.

Joint Venture Partnerships

- 7.31 Where there is an effective demand for new space and rationale for bringing forward sites for employment uses, the joint venture approach between the planning authority and a private sector developer can be an effective tool. There would be a strong case for this where there is scope to add economic value through the delivery of higher value uses, including residential uses.
- 7.32 The partnership will often bring a combination of skills together with the local authority benefiting from the private sector expertise, whilst also retaining some control over the type of development to align with its own objectives. The developer will benefit from tools like CPO which can be used by the partnership under the B&D Council. But importantly it is the sharing of risk, with greater scope for residual risks being transferred to the party most appropriate to deal with them.

Targeting specific occupiers to specific locations

- 7.33 There are several key industries already in LBBD or primed to invest in LBBD, that can contribute to employment growth potential. These are summarised below.
- **Film studios.** There is a nascent studio industry in east London, of which LBBD is a part. This must be nurtured with every effort being applied to its future success. The provision of suitable buildings will be key and engagement with the industry in a proactive manner will assist in ensuring the attraction of some of this investment to the Borough. But suitable employment buildings are only part of the story. Housing and support services will also play a key role.
 - **Logistics.** In terms of its history and potential land supply, LBBD has a comparative economic advantage in this sector and needs to be thinking of 21st-century logistics, not old models. There is an extant Strategic Rail Freight Site and the potential for the re-allocation of large parcels of land. Discussions with various owners and operators in the area could help bring about transformative change.
 - **City Markets.** Dagenham Dock will have a strategic London role in providing a home for City markets. These will bring important employment opportunities and horizontal and vertical clustering, underlining the need for good strategic road access to central London.
 - **Education.** Higher education has a role to play in LBBD's regeneration. There has been a recent wave of moves from central to east London, particularly around Stratford. LBBD is in a position to benefit from some of this change. More specifically, the Borough might target the food industry and artistic/creative institutions.
 - **Construction.** The construction sector is going through fundamental change, not least driven by the sustainability agenda. There is an opportunity within LBBD to support this change with facilities for the modern handling of aggregates, construction materials, pre-cast steel and perhaps MMC. The Castle Green Box Lane area, with its Eurohub, is an obvious location, and local owners/operators will need to be corralled and convinced about its potential.
- 7.34 These examples are not exhaustive, and they are not mutually exclusive. There is, for example, also a need to address the employment strategy offices spaces scattered throughout and close to Barking Town Centre, although this does not form part of our assessment here.

- 7.35 Identifying suitable sites to suit appropriate and growing employment sectors through indigenous growth and inward investment will need to be considered through Local Plan policies specifically supporting these sectors.

Pre-let and purpose-built developments

- 7.36 Given the poor viability equation in the Borough for delivering employment uses, pre-lets, purpose-built and anchor developments are important to realising the larger development schemes on vacant land, particularly where industrial development and intensification are proposed. For this to be identified as a 'practical' solution, the developer will need to have an identified end user to know how much space they will occupy, when and at what price.

Co-location of uses

- 7.37 Re-allocating employment land across a wider number of uses, including residential uses, will improve the marketability of land supply because it shares the infrastructure costs across these other uses, hence reducing development costs for employment space. This is very cost effective and will require more feasible policies allowing for a range of uses.
- 7.38 Also, co-location development is likely to be more marketable than single uses on larger sites. The reason the market likes mixed use schemes is that it spreads development risks. But this also depends on the site, the local market and the mix of uses and scale of development.
- 7.39 Following on the above comment, an element of retail, such as retail warehousing or trade counters is likely to attract business and may need to be part of the mix. But this needs to depend on where the development is located and on the strategic importance of the site for the sub-area.
- 7.40 Allowing residential use as an enabling development on larger sites can help kick start development of the commercial element. This would need to be assessed against the strategic importance of a particular site and its suitability for business use without any residential element.

Increasing intensity

- 7.41 As discussed in the previous chapter, it is possible to achieve more intensive use of land/space in designing the site development options, for example, the co-location options could be conditional on achieving higher densities, which would increase or maintain employment numbers on less space than the existing users. But the viability of these uses will be a critical consideration, and the location is particularly important from a planning perspective.
- 7.42 Where office developments are close to town centres and industrial development close to transport hubs, then the potential for delivery of intensive schemes improves. To attract occupiers, it is still vital for any schemes to allow for adequate servicing, circulation and parking space.

Industrial Land Actions

- 7.43 This *Industrial Land Strategy* has aimed to identify sites where improvements may be achieved so that the industrial operations in LBBB can function more effectively, more intensively, with lower vacant floorspace and land, which makes the best use of land. A key part of this has been to review the potential for transforming the Borough's existing employment areas to deliver regeneration and growth in employment and housing. Therefore, the following recommendations are made for each employment area.

Site Recommendations

Dagenham Dock SIL (part of Dagenham Dock and Rainham SIL) and NDIS

- 7.44 This area is already being primed to deliver substantial new employment activities to LBBD in addition to providing new sites serviced with good levels of infrastructure that have relocated from elsewhere within LBBD. One of the main activities will be in the City wholesale food markets and associated logistics activities. The strong anchor of the still operational Ford diesel engine plant also raises its scope to support forward progress in the manufacturing sector, for instance, should Ford develop a business plan for electric motors within Dagenham. Other potential sectors include waste recycling and energy, and potentially, other uses that are not able to co-locate with residential areas.
- 7.45 The latter is particularly relevant to accommodating any industrial demand coming from the substitution of industrial sites elsewhere in LBBD and across the London market. This growing demand is likely to increasingly put pressure on supporting industrial intensification within the SIL. As such, the intervention tools identified as being suitable for supporting the development of Dagenham Dock include the following:
- Working with Ford to consider its options for research and delivering electrical engines to the European market is a strong consideration and will support more intensive use of the largely underused Ford Engine Room site.
 - Masterplans, Area Action Plans and/or site-specific business plans for stacked employment typologies to provide certainty to developers, possibly linked with the imminent arrival of the London wholesale markets.
 - Site-specific Policies aimed to safeguard sufficient capacity to enable overall geographic restructuring and migration of B2/B8 space, which requires large quanta of stacked typologies.
 - Use of Local Development Order to stimulate demand for inward investment and attracting new occupiers.

Castle Green (part of Rippleside SIL)

- 7.46 The Rippleside SIL area presents an opportunity for LBBD to demonstrate its transformation agenda by promoting a mixed-use strategy for co-locating new employment uses with the wider area regeneration linking to housing growth and the new town centre in Castle Green. A masterplan is already being prepared to deliver regeneration through new housing and associated uses.
- 7.47 The Box Lane area within the Rippleside SIL employment area provides a good location for the development of logistics activities, perhaps associated with the modern construction sector. DB Cargo UK's London Eurohub is based here and is the only rail linked facility of its type, crucially connected to the UK rail network and the HS1, with potential to logistically link to China.
- 7.48 Accommodating co-location uses will require an imaginative masterplan. Part of this masterplan could be the development of 'hybrid space' E(g) uses that can provide a buffer between the Box Lane distribution and modern construction sector uses, and the regeneration of the Castle Green area for alternative uses. Given the landowner and market interest in this area, a medium level of market-driven intervention through JV arrangements should be considered.
- 7.49 The specific intervention tools likely to be suitable for supporting the transformation of Castle Green include the following:

- Masterplan linking to the wider regeneration plans for Castle Green. These should be aimed at ensuring adequate provision of intensive industrial space, and E(g) class uses as possible co-location of uses with the proposed town centre and residential developments.
- Site-specific policies or Business Plans at Box Lane aimed at increasing intensity to deliver integrated employment space typologies like stacked warehouses and to develop direct links to rail freight hub, with a specific focus on logistics and construction sector businesses.
- To retain, improve and deliver new E(g) class space and relocate industrial uses from Castle Green to Dagenham Dock, Be First and the Borough Council should have regard to both options in **Table 7.1**, with market forces more likely to support delivery in the short to medium term of the Local Plan.
- Some intervention by Be First may be required to establish the new town centre and the commercial hub around the future Castle Green station.
- Establishing robust and sensitive industrial relocation arrangements for existing users will be important.
- Use of planning gain to support new E(g) class employment site delivery.
- Use of Local Development Orders to stimulate demand for inward investment and attracting new occupiers.
- As a last resort, use Compulsory Purchase Orders to release and facilitate developments.

River Road SIL (including River Road, Thames Road, Creekmouth and Kingsbridge SIL areas and Lyons Industrial Park LSIS)

- 7.50 River Road SIL is a good industrial and warehousing location with the potential for intensification of such activities. This might also be another area where the commercial intensification could include E(g) class hybrid space for service-led industrial demand along Thames Road, with discretely planned industrial intensification on River Road and Kingsbridge to deliver land for other uses in the wider regeneration of the River Roding.
- 7.51 Given the future undersupply of modern smaller premises and E(g) class space and continued doubts about the viability of speculative development, mixed use development (including mixed business use) in this area might assist in bridging the mismatch. In doing so, the planning authority should focus on relocating industrial uses that have, or will have, good public transport accessibility, especially those on the periphery areas of the SIL near to public transport nodes.
- 7.52 With the scope for the neighbouring Dagenham Dock SIL being able to relocate existing industrial uses, this should not incur a significant net loss of industrial capacity or significantly compromise locations for industry, logistics, transport, utilities or waste management within these areas.
- 7.53 Owing to Thames Water's operational use of the Kingsbridge area, the transformation at Kingsbridge is unlikely in the short term and therefore Kingsbridge should be monitored and considered for redevelopment opportunities later in the planning horizon.
- 7.54 The specific intervention tools likely to be suitable for supporting the transformation of River Road SIL include the following:

- Coordinated release of employment land and to secure the regeneration of the existing employment stock aimed at ensuring adequate provision of E(g) class space, along with the justification for stacked employment typologies, if required.
- Develop area Masterplans or Area Action Plans that provide certainty on the level of development ambition.
- For development within the Creekside area, there may need to be a review of several Safeguarded Wharf Sites and the revisiting of the strategy in consultation with the GLA and Port of London Authority and the implementation of the revised Safeguarded Wharf Strategy through the London Plan.
- To retain, improve and delivering new E(g) class space and relocate industrial uses from River Road to Dagenham Dock, Be First and the Borough Council should have regard to option 1 in **Table 7.1**, with market forces more likely to support delivery in the medium term of the Local Plan.
- Establishing robust and sensitive industrial relocation arrangements for existing users will be important. It is therefore recommended that this site is given a lower priority in planning terms when other opportunities will have a more strategic impact and will be comparatively easier to deliver.
- While several properties in this area are already under the control of Be First, this ownership is still fragmented. Therefore, additional purchases may be required before a third party development partner would be likely to work with Be First and the Borough Council to secure and implement a consented scheme.
- Since it is anticipated that the private sector will be able to fund an element of this, Be First should secure Joint Venture partnerships to reduce and better manage risks.
- Since most of the existing industrial estates have fragmented landownerships with individual owner occupiers of dated property, then if necessary, as a last resort, promote the use of Compulsory Purchase Orders.

Barking & the River Roding Area LSIS

- 7.55 This area covers the Gascoyne South and Hertford Road LSISs, currently catering for local services and provides a mix of modern, secondary and tertiary quality spaces. It provides a useful local supply of suitable space, including office space.
- 7.56 This area is closely linked with the potential for delivering regeneration of nearby Gascoigne area, Barking Town Centre and the River Roding. As such, existing industrial uses may reduce the potential for regeneration and be threatened by their co-location with other uses close-by. Consequently, there should be a substitution of industrial/warehouse storage uses to Dagenham Dock and the Box Lane areas.
- 7.57 Being ideal locations for co-locating such uses in or on the edge of the town and district centres, the two LSISs potentially offer scope within this area to benefit from more E(g) class hybrid types of employment spaces to accommodate different uses/space types for modern growing sectors.
- 7.58 Facilitating the re-provision of industrial spaces should be aimed towards the medium-term planning horizon while land becomes available at Dagenham Dock and other Intensification sites.
- 7.59 The specific intervention tools likely to be suitable for supporting the transformation of this area in the medium to longer term include the following:

- Develop area Masterplans or Area Action Plans linked with the wider regeneration plans for Barking Town Centre and the River Roding Area. This should allow the coordinated release of employment land to introduce residential uses.
- Establishing robust and sensitive industrial relocation arrangements for existing users will be important.
- In retaining, improving and delivering existing and new E(g) class space, and relocating industrial uses to Dagenham Dock and Box Lane, Be First and the Borough Council should have regard to option 1 in **Table 7.1**, with market forces more likely to support delivery in the medium term of the Local Plan.
- Use of planning gain to support employment site delivery.
- Financial assistance to develop momentum and encourage inward investments.
- Since it is anticipated that the private sector will be able to fund an element of this then, to reduce and better manage risks, a Joint Venture partnership arrangement should be considered.

Dagenham East LSIS and NDIS

- 7.60 This area covers the Dagenham East LSIS and NDIS and Wantz Road LSIS employment areas.
- 7.61 The former as occupier interest from the specific education and film and media sectors and is already gaining momentum in terms of providing more employment space to LBBB. This is, therefore, an obvious choice as a site for the intensification of media, education and research uses. This will involve encouraging more modern workshop space and delivering ready-to-build plots to respond to enquiries, which should be part of the strategy here for solely employment uses.
- 7.62 The transformation of the Wantz Road, including Sterling Industrial Estate, employment area is likely to evolve as Dagenham East starts to come forward. It therefore has scope to support the integration of media and film industries while being relatively independent of larger infrastructure and development investments in the Borough. It should, therefore, be released for mixed use co-location development as soon as the appropriate planning policy framework and spatial capacity are in place to facilitate the re-provision of industrial spaces. The latter will progress at Dagenham Dock, Box Lane and other Intensification sites.
- 7.63 The intervention tools that have been identified as being suitable for supporting its development include:
- Develop specific site policies and/or Business Plans to define a planning scheme that sets out parameters for development.
 - Develop area Masterplans or Area Action Plans for Wantz Road linked that provide certainty on the level of development ambition, particularly around the media and film industries, which will allow the coordinated release of employment land to secure the regeneration of the existing employment stock and aimed at ensuring adequate provision of E(g) class space.
 - Seek to establish spaces for business clusters resulting from the emerging economic cluster of media, science/research and education uses in the area.
 - Provision of shared facilities as required to ensure large sized business ecology along with SME spaces that will allow businesses to establish and grow.
 - Establishing robust and sensitive industrial relocation arrangements for existing users will be important.

- To retain, improve and deliver new E(g) class spaces and relocate industrial uses to Dagenham Dock and Box Lane, Be First and the Borough Council should have regard to both option 1 and option 2 in **Table 7.1**, with market forces more likely to support delivery in the medium term of the Local Plan.
- Be First as a Development Company to support anchor developments and encourage inward investments through the use of financial assistance to develop momentum.
- Since it is anticipated that the private sector will be able to fund an element of this, secure Joint Venture partnerships to reduce and better manage risks.
- A large part of this core employment area (some 14.5 ha) is categorised as NDIS. But given the potential growth market and economic cluster for industrial uses at this location, this area should be considered for re-designation as a LSIS to better align with the rest of the area.

Chadwell Heath LSIS

- 7.64 With the arrival of the Elizabeth Line to Chadwell Heath, and its potential for drawing people in, potentially with higher levels of skills, there is a strong potential for transforming the local Chadwell Heath employment area in this largely residential area. There is, therefore, scope for investing in the undersupply of modern smaller premises and E(g) class space here and elsewhere in LBBD and London. In doing so, the planning authority should focus on relocating the existing big shed distribution and dirty industrial uses to the south of the borough.
- 7.65 With the potential redevelopment for industrial employment uses at Dagenham Dock SIL, then redevelopment should not incur a significant net loss of industrial capacity or significantly compromise locations for industry, logistics, transport, utilities or waste management.
- 7.66 The intervention tools that have been identified as being suitable for supporting the redevelopment of the Chadwell Heath Industrial Area include:
- Mixed Typology Design Guidance - A masterplan for Chadwell Heath should be prepared to allow for a release of employment space and the provision for hybrid type employment uses.
 - Seek to establish spaces for business clusters including the growing gaming and entertainment sector that will be able to link to existing uses and skills.
 - Encourage relocation of industrial activities and poor neighbour uses to the Dagenham Dock employment area and, if rail related or with potential for intensification, then possibly Box Lane.
 - Establishing robust and sensitive industrial relocation arrangements for existing users will be important.
 - In retaining, improving and delivering new spaces, Be First and the Borough Council should use an approach as set out in policy options 1 and 2 in **Table 7.1**, with market forces likely to support delivery in the short to medium-term of the Local Plan.
 - Be First's recent purchase of the 5.3ha Muller Dairy site is already starting to unlock land within Chadwell Heath that could help deliver the momentum for change by attracting anchor tenants.
 - CPO may be necessary on other sites to secure a deliverable scheme to integrate land ownerships
 - Use of planning gain to support employment site delivery.

- Since it is anticipated that the private sector will be able to fund an element of this then, to reduce risks, a Joint Venture partnership arrangement should be considered.

Phasing of Delivery

- 7.67 In broad terms, based on current levels of activity, including interventions by Be First and the Council, along with the need to secure sites that would be ready to absorb new uses, either through relocations from other sites or inward investments, and the progress of area masterplans, the following phasing of activities should be followed. Also, delivering such changes requires a long-term phased approach in releasing land and reviewing sites based on a plan, manage and monitor approach, which is considered in the next Chapter.

Short term (0 to 5 years)

- 7.68 Within this phasing, especially with the arrival of the wholesale markets at Dagenham Dock and industrial intensification, it is projected that there could be a reduction of some industrial land while supporting an increase in a substantial amount of new employment space through industrial intensification and substitution of some of the industrial land uses with more intensive E(g) class uses and other uses.
- 7.69 Within the short term phasing, there is a need to focus on:
- Dagenham Dock's scope for future intensification of land uses, especially with the arrival of the wholesale markets over the next 5 years.
 - Progressing masterplans for industrial uses and promoting activities like construction and logistics related to the railhead within Box Lane part of Castle Green.
 - Progressing industrial intensification within River Road SIL (including Thames Road and the Lyons industrial park LSIS).
 - Progressing masterplans, industrial intensification, industrial substitution and co-location within Chadwell Heath.
 - Dagenham East should be actively promoted for further economic clustering around its film studios and education/research facilities.

Medium term (5 to 10 years)

- 7.70 The medium term phasing within five to 10 years, offers a considerable change in the industrial landscape in preparation for the longer term transformation within LBBD. There is potential for some new industrial floorspace for E(g) class uses and industrial intensification, but also a considerable substitution of industrial space for alternative uses.
- 7.71 Within the medium term phasing, there is a need to focus on:
- Progressing masterplans, the substitution of existing industrial activity and co-location within Castle Green.
 - Progressing the substitution of existing industrial activity within Dagenham Dock's NDIS areas, River Road and Creekmouth, Barking & the River Roding Area LSISs and Wantz Road within Dagenham East.
 - Continue to focus on Dagenham East for further economic clustering around its film studios and education/research facilities within the NDIS areas. These NDIS sites should be redesignated as LSIS.

Long term (10 years+)

- 7.72 The long term phasing after 10 years until the end of the plan period (to 2037), should provide largely for industrial expansion through intensification with improved infrastructure and substitution of industrial activities with more intensive land uses and no proposed loss of employment land, achieving a net increase of employment space.
- 7.73 So, within the long term phasing, there is a need to focus on:
- 7.74 Up to the end of the Local Plan period to 2037, continuing the progress of the masterplans and delivery, including industrial intensification within Box Lane part of Castle Green and Dagenham Dock SIL, and the River Road, Creekmouth and Kingsbridge areas of River road SIL.
- 7.75 Continue to progress masterplans and delivery including industrial intensification, substitution and co-location within Castle Green.

8 Impacts of the Industrial Land Strategy

Introduction

- 8.1 As identified in this *Industrial Land Strategy*, it should be recognised that the needs of industry in LBBB, and generally across London, are changing. Setting aside the requirements of large logistics firms, land use demand is becoming more intensive rather than extensive. This implies a 'smarter' use of industrial land such that greater intensity of use in one area can justify the release in another, so long as the overall requirement for jobs is met or increased. Local Plan policies should be focused on 'smarter growth', while flexibility and choice will be essential elements of the strategic approach.
- 8.2 To meet LBBB's critical role in providing a reservoir of SIL for the capital's needs and the use of SIL and LSIS to meet the changing needs of the local economy, then this *Industrial Land Strategy* needs to deliver LBBB's transformational growth through site allocations allowing for industrial substitution, industrial intensification and new provision for office/light industrial hybrid uses, including on co-location sites. The impacts of such changes are considered in the next sub-section with recommendations for monitoring such changes going forward.

Impacts of the Proposed Changes to Employment Areas

- 8.3 To release growth potential, the transformational changes to LBBB's core employment areas are summarised and illustrated in **Figure 8.1**. The changes through this *Industrial Land Strategy* are seeking to support a more efficient use of LBBB's industrial land, with the plot ratios for accommodating jobs having a realistic and achievable potential to increase, as summarised in **Table 8.1**. This shows the existing plot ratio of 29% being able to increase to a realistic future plot ratio of 39% across the LBBB core employment areas. The plot ratio of industrial space, which accounts for most of the space within the same areas, increases from 24% to 31% overall.
- 8.4 Through implementing these changes, LBBB's *Industrial Land Strategy* has scope to reduce the amount of employment land by 103 ha and still increase the built floorspace by 69,100 sqm, including increases in the industrial floorspace by 29,500 sqm, as shown in **Table 8.1**.
- 8.5 Overall, the increase in floorspace and improved plot ratios improve the scope to support more jobs. An estimate of changes in workplace jobs based on changes in the employment space has been estimated by applying the GLA evidence base employment densities¹⁹ for employment uses to the proposed changes in floorspace, at the following densities:
- 11.3 square metres of office (E(g) class) space per job;
 - 36 square metres of industrial (B2/B8 class) space per job; and 2,326
 - 35 square metres of non-employment class space per job.²⁰
- 8.6 Based on this standard calculation, the changes in workplace jobs within each core employment area are summarised in **Table 8.3**. This shows that despite the net overall release of employment land within these core employment areas, there would still be scope

¹⁹ Based on the CAG, London Employment Sites Database 2017, for the GLA, Table 3.3.

²⁰ Average across all other sectors.

to deliver some 2,300 net additional workplaces within LBBD, including 818 additional industrial/warehousing spaces jobs, as illustrated in **Figure 8.1**.

Table 8.1 Proposed changes to the core employment areas

	Ha (net)		Plot ratio		Ind/whsg plot ratio	
	Existing	Future	Existing	Future	Existing	Future
Dagenham Dock	219	195	19%	23%	11%	14%
Castle Green	71	54	27%	35%	25%	33%
River Road	94	60	38%	59%	37%	58%
Dagenham East	37	29	40%	57%	38%	56%
Barking & the River Roding Area	13	7	69%	51%	55%	27%
Chadwell Heath	30	15	46%	134%	44%	97%
LBBD Total	464	361	29%	39%	24%	31%
Change (no.s)	-103		10%		8%	
Change (%)	-22%		35%		32%	

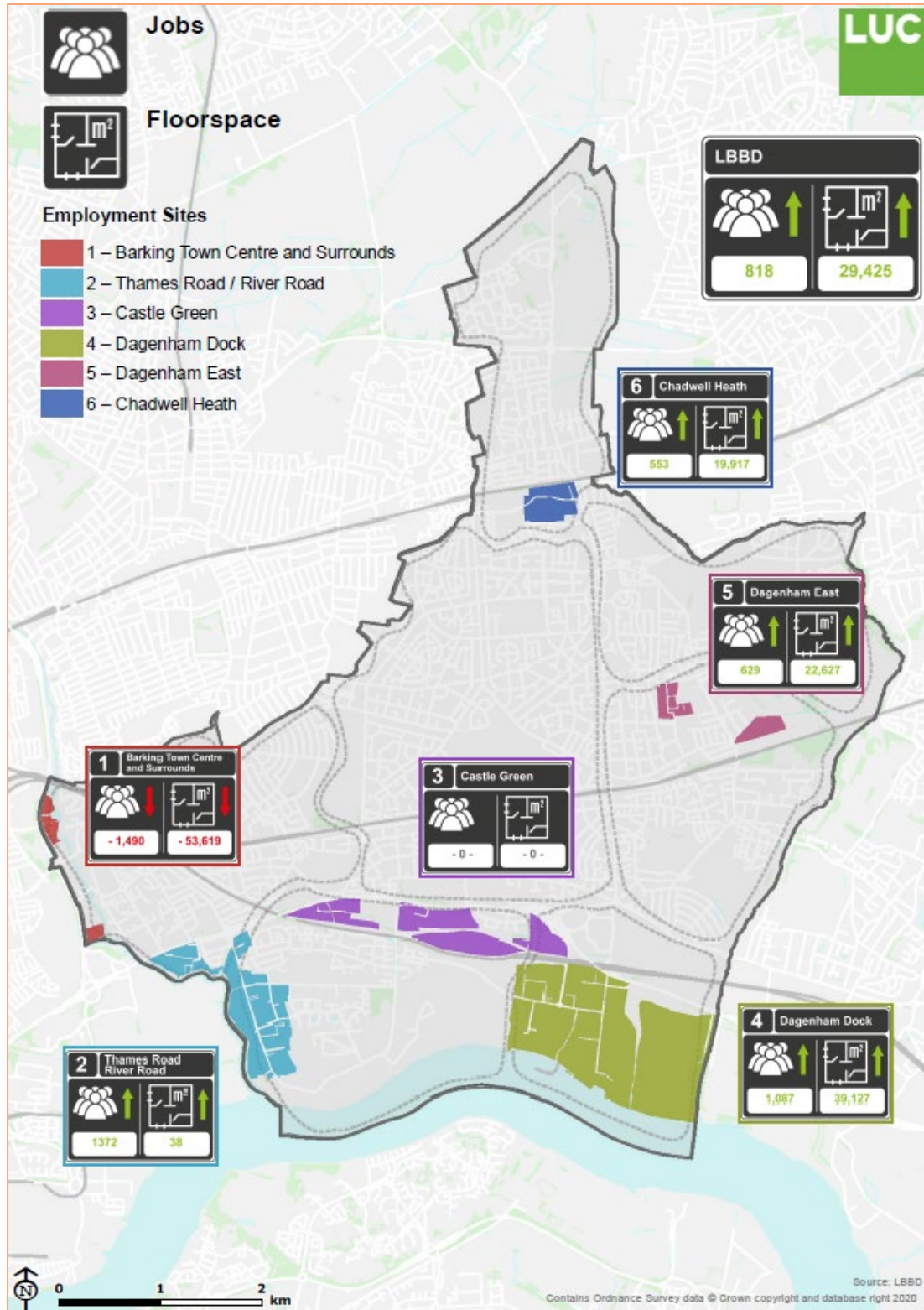
Table 8.2 Proposed changes to built floorspace within the core employment areas, sqm

	Total		Ind/whsg floorspace		Office floorspace		Other non-emp floorspace	
	Existing	Future	Existing	Future	Existing	Future	Existing	Future
Dagenham Dock	411,724	450,851	233,931	273,058	433	433	177,360	177,360
Castle Green	190,687	187,801	179,532	179,532	2,281	1,691	8,874	6,578
River Road	357,376	356,557	348,628	350,000	5,463	4,091	3,286	2,466
Dagenham East	146,785	166,570	140,731	163,358	1,390	1,403	4,663	1,809
Barking & the River Roding Area	92,949	37,522	73,183	19,564	13,337	12,168	6,429	5,790
Chadwell Heath	138,426	207,725	130,683	150,600	3,216	12,600	4,527	44,525
LBBD Total	1,337,947	1,407,025	1,106,688	1,136,113	26,119	32,385	205,140	238,528
Change (no.s)	69,078		29,424		6,266		33,388	
Change (%)	5%		3%		24%		16%	

Table 8.3 Proposed changes to workplaces no.s within the core employment areas

	Total no. of jobs		No. of jobs in ind/whsg spaces		No. of jobs in office spaces		No. of jobs in non-emp spaces	
	Existing	Future	Existing	Future	Existing	Future	Existing	Future
Dagenham Dock	11,604	12,691	6,498	7,585	38	38	5,067	5,067
Castle Green	5,442	5,325	4,987	4,987	202	150	254	188
River Road	10,261	10,155	9,684	9,722	483	362	94	70
Dagenham East	4,165	4,714	3,909	4,538	123	124	133	52
Barking & the River Roding Area	3,397	1,786	2,033	543	1,180	1,077	184	165
Chadwell Heath	4,044	6,571	3,630	4,183	285	1,115	129	1,272
LBBD Total	38,914	41,240	30,741	31,559	2,311	2,866	5,861	6,815
Change (no.s)	2,326		818		555		954	
Change (%)	6%		35%		24%		16%	

Figure 8.1 Proposed changes to LBBD's core employment areas industrial space and jobs



Source: LUC

- 8.7 Based on the potential for job growth in LBBD, as discussed earlier in **Chapter 5**, these new jobs would account for around a third of the forecast employment growth for LBBD's Local Plan period or about a 60% of the GLA projected job growth over a similar period. The other jobs would be expected to come through other sectors, like town centre retail, public services, etc, within LBBD's other areas.

- 8.8 Should there be a substitution of industrial spaces (excluding open storage) with office/hybrid (E(g) class) uses, amounting to just less than 2% of the remaining existing industrial spaces (as might be realistic), then this could increase the number of workplace jobs to 3,500. This would provide for enough workspaces to match the LBBD's forecasts employment space job increases in LBBD, which was discussed earlier in **Chapter 5**. If there is a 10% substitution, then the total job increase within these areas would be about 9,200 jobs, which with the addition of other jobs in town centre retail, public services, etc, elsewhere within LBBD, could be a substantial boost to delivering the emerging Local Plan target for 20,000 new jobs. So, the risks and rewards in intensifying and providing new E(g) class spaces will be extremely high.
- 8.9 This proposed transformational changes will have the benefit of using land more intelligently and intensively to deliver more and better quality types of spaces to meet the demand that will help also support the delivering of more jobs in LBBD. Such changes within these core employment areas would also be able to generate wider benefits through freeing space to support the delivery of local housing, social infrastructure, better public realm and open spaces that will combine to move LBBD's regeneration forward. By managing the release and renewal of existing industrial land and floorspaces, there is also scope to support rather than hinder employment growth within LBBD.

Future Monitoring

- 8.10 Progressing the implementation and delivery over the planning horizon will require ongoing monitoring. In this regard, actual growth should be monitored and kept under regular review as part of the longer term planning process for industrial intensification, co-location and substitution.
- 8.11 In planning for transformational change through a proactive plan-led approach, future industrial land use decisions, the phasing of land releases and re-use of industrial land should be subject to regular monitoring of development and economic circumstances to match supply to demand more closely in the future. In summary, Be First and the Council should:
- Review employment forecasts and the resulting demand forecasts at 5 year intervals and when there are major step changes in the economy or strategic guidance.
 - Continuously monitor key economic data, especially employment change by sector, sizes of local businesses, unemployment rates and where, available, commuting rates, to set objectives and the right space for improving the local economy and local sustainability.
 - Engage regularly with local business leaders/employers, and strategic landowners and their representative agents, to ensure that there is a suitable supply to meet their needs and the economic objectives set by the Council, and/or to mitigate problems, where possible, in meeting these needs.
- 8.12 In any event, the *Industrial Land Strategy* and an Industrial Land Audit/Employment Land Study should be updated every five years to plan adequately for delivering new space to meet short term demand. This is also to ensure that there is provision for likely longer-term industrial land requirements to support positive economic (employment and productivity) growth, taking account of the need to identify and control land and any investment intervention and infrastructure requirements to release land in the future.
- 8.13 In facilitating the right investment in industrial space, Be First and the Council should continuously monitor demand, supply and market balance of employment space, covering:

- Development completions (land demand) and commitments (land supply), focusing on net floorspace change (both negative and positive);
- Vacancy rates (both for land and floorspace), rentals and land values compared to competing areas, which provide a direct measure of the balance;
- Insofar as possible, business relocations and expansions into and out of LBBD, together with enquiries for employment space.

Appendix A: Strategic Context

Introduction

This appendix looks in more detail at the relevant local and strategic context for LBBD's economy, identifying top-down and bottom-up drivers of future change and growth. As identified in the main report, this information is important because it establishes the local strategic context in which LBBD will evolve for years to come.

It looks at the relevant national, regional and local context in terms of spatial economic policy and the strategic guidance to identify economic drivers that should define the employment land objectives for LBBD's *Industrial Land Strategy*.

National Context

Following the election of the new Government in December 2019, it remains too early to see clear policy direction (as it affects land use) and how this might impact growth in LBBD's economy. But the size of the Government's majority does reduce intense uncertainty of the period immediately preceding the election and the Spring Budget surprised many observers in the scale of public sector spending promised, in areas such as infrastructure. Further to such influences, the arrival of the Covid-19 pandemic during early 2020 also may significantly influence the course of Government policies and spending.

In the absence of any indications of changes in direction, this Chapter considers those policies and agendas that existed before the election and at the time of preparing this strategy, which seem likely to inform the future.

National Planning Policy Framework (NPPF)

The NPPF was first published by the Government in 2012; a new draft was released for consultation in 2018, and a final revised version was published in 2019. The main, relevant elements of the 2019 NPPF are abridged below. At a high level, the NPPF is supportive of sustainable development and provides a positive national policy context to the transformative change agenda in LBBD.

Chapter One provided the context for the NPPF by noting that it sets out the Government's planning policies for England and how these should be applied. It provides a framework within which locally prepared plans for housing and other development can be produced.

Para 7 refers to achieving sustainable development. It states that the purpose of the planning system is to contribute to the achievement of sustainable development. At a very high level, the objective of sustainable development can be summarised as meeting the needs of the present without compromising the ability of future generations to meet their own needs. To ensure that sustainable development is pursued positively, at the heart of the Framework is a presumption in favour of sustainable development. Para 1 states that plans and decisions should apply a presumption in favour of sustainable development. For plan-making this means that:

a) plans should positively seek opportunities to meet the development needs of their area, and be sufficiently flexible to adapt to rapid change;

b) strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring areas, unless:

i. the application of policies in this Framework that protect areas or assets of particular importance provides a strong reason for restricting the overall scale, type or distribution of development in the plan area; or

ii. any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.

The NPPF focuses on employment land, and as such addresses the specific development needs of the Borough and seeks to address the question of rapid economic change. For example, in seeking to achieve sustainable development, Chapter 2 identifies that one of the three objectives is economic, and that it is looking for net gains under this objective by seeking:

“...to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure”

LBBD is vulnerable to manufacturing decline and its workforce will need to re-skill. In this context, making appropriate land and premises available will be key.

Chapter 6 of the NPPF focuses on building a strong, competitive economy. Para 80 of the NPPF confirms the Government's commitment to securing growth to create jobs and prosperity. The NPPF states that this will be achieved by creating the conditions in which “...businesses can invest, expand and adapt” and that significant weight should be placed on the need to “...support economic growth and productivity, taking into account both local business needs and wider opportunities for development”.

This is particularly important where Britain can be a global leader in driving innovation, and in areas with high levels of productivity that should be able to capitalise on their performance and potential. This context is directly supportive of the broad aims for regeneration in LBBD, in terms of making land available for appropriate development.

The role of local planning authorities in proactively planning to meet the development needs of businesses is identified, and Para 81 states that planning policies should:

- a) set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;*
- b) set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;*
- c) seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and*
- d) be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.*

Para 82 notes that planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries, and for storage and distribution operations at a variety of scales and in suitably accessible locations.

Chapter 11 covers the effective use of land. Para 117 states that planning policies and decisions should promote effective use of land in meeting the need for homes and other uses, while safeguarding and improving the environment and ensuring safe and healthy living conditions.

Strategic policies should set out a clear strategy for accommodating objectively assessed needs, in a way that makes as much use as possible of brownfield land.

Para 119 deals with bringing land forward. It states that local planning authorities, and other plan-making bodies, should take a proactive role in identifying and helping to bring forward land that may be suitable for meeting development needs, including suitable sites on brownfield registers or held in public ownership, using the full range of powers available to them. This should include identifying opportunities to facilitate land assembly, supported where necessary by compulsory purchase powers, where this can help to bring more land forward for meeting development needs and/or secure better development outcomes.

This *Industrial Land Strategy* deals exactly with this point in its assessment of the various employment areas in LBBD.

Finally, Para 120 states that planning policies and decisions need to reflect changes in the demand for land. Policies should be informed by regular reviews of land allocated for development in plans and of land availability. Where the local planning authority considers there to be no reasonable prospect of an application coming forward for the use allocated in a plan:

a) they should, as part of plan updates, reallocate the land for a more deliverable use that can help to address identified needs (or, if appropriate, deallocate a site which is undeveloped); and

b) in the interim, prior to updating the plan, applications for alternative uses on the land should be supported, where the proposed use would contribute to meeting an unmet need for development in the area.

As discussed in **Chapter 4** of this *Industrial Land Strategy*, it is clear that the property market within LBBD has not been keeping pace with broader changes in the economy. LBBD's *Industrial Land Strategy* therefore addresses Para 120 with policies and decisions to reflect changes in demand, by making land available that will provide the jobs and skills needed in the future.

National Planning Policy Guidance (NPPG) - Housing and Employment Land

The National Planning Policy Guidance (PPG) expands on the question of cross-boundary working, advising that authorities join forces with neighbours, in line with the Duty to Co-operate, so that assessments of development needs cover market areas that straddle local authority boundaries. This is because such needs are rarely constrained precisely by administrative boundaries.

The Guidance states that the primary objective of assessing development need is to:

"...identify the future quantity of land or floorspace required for economic development uses including both the quantitative and qualitative needs for new development; and provide a breakdown of that analysis in terms of quality and location, and to provide an indication of gaps in current land supply".

The current study meets this objective, and the need assessment should address the quantity of economic development floorspace based on quantitative assessments and also on an understanding of the qualitative requirements of each market segment. The Guidance states that regional economies are too large to be helpful for individual boroughs and assessments should be restricted to Functional Economic Market Areas (FEMAs). They should only include scenarios that can reasonably be expected to occur, and should not be constrained by factors such as the supply of land and past performance.

In relation to the planning evidence base, unlike for housing, the PPG does not set out a specific method for assessing future employment land needs. The Guidance says that the purpose of an assessment of land availability is to identify a future supply of land which is suitable, available and achievable for economic development uses over the Plan period but is not prescriptive as to how this should be achieved.

Emerging employment sectors in the area should be encouraged and planned for where possible. Market segments should be identified so that need can be identified for the type of employment land advocated. The available stock of land should be compared with the particular requirements of the area so that 'gaps' in local employment land provision can be identified. LBBD's *Industrial Land Strategy* directly addresses this guidance on needs assessment.

Plan makers should consider forecast scenarios based on:

- sectoral and employment forecasts and projections (labour demand);
- demographically derived assessments of future employment needs (labour supply techniques);
- analyses based on the past take-up of employment land and property and/or future property market requirements; and
- consultation with relevant organisations, studies of business trends, and monitoring of business, economic and employment statistics.

Guidance refers to the need for borough councils to make sure that the economic forecasts that they rely on account for the locally distinct employment conditions, which may differ from national economic trends.

Overall, the Guidance provides LBBD with clear direction in terms of linking anticipated business and employment forecasts with policies for land use planning. LBBD's *Industrial Land Strategy* addresses this guidance directly.

The Government's Industrial Strategy

In November 2017, the Government published its *Industrial Strategy White Paper*. This set out five foundations of productivity, as follows.

- Ideas – with an aim both to invest a higher proportion of GDP into Research and Development (R&D) and become more effective at turning good ideas into commercial products.
- People – in particular, aimed at investing in education to raise skills in the STEM subjects.
- Infrastructure – with a strong emphasis on digital infrastructure.
- Business environment – including 'sector deals'; efforts to scale up businesses with growth potential; and trying to address the 'long tail' of less productive businesses. The first Sector Deals are in life sciences, construction, artificial intelligence and automotive sectors.
- Places – through developing local industrial strategies that build on local strengths and deliver on economic opportunities.

The latter two points are particularly pertinent to what the LBBD *Industrial Land Strategy* is seeking to achieve.

The White Paper also pointed to future growth opportunities in what is called the 'Four Grand Challenges'. It seeks to put the UK at the forefront of the artificial intelligence and data revolution by:

- Maximising the advantages for UK industry from the global shift to clean growth.
- Becoming a world leader in shaping the future of mobility.
- Harnessing the power of innovation to help meet the needs of an ageing society

LBBD's *Industrial Land Strategy* has an opportunity to fully address the five foundations of productivity and to develop sector-specific objectives in areas such as waste management, clean growth and logistics.

Regional Context

The Intend to Publish London Plan

The *London Plan* sets the strategic planning context for Borough level planning within the capital. The current *London Plan* was produced in 2016 and incorporates the alterations to the 2011 *London Plan*. This includes the Further Alterations to the *London Plan* (FALP) in March 2015, which was developed in response to population growth and projections emerging from the 2011 Census that were higher than had been anticipated. The introduction to the Plan concludes that “...*the only prudent course is to plan for continued growth*” (Para 1.47) and providing the basis for the continued growth and economic development of all parts of London is a key theme of the Plan.

The latest iteration of the Plan is the *Draft London Plan – Intend to Publish version* (December 2019), from which the following references are taken. The Intend to Publish *London Plan* is described as “...*different to those that have gone before*”, and both “*more ambitious and focused than any previous Plans.*” It notes that,

“London’s population is set to grow from 8.9 million today to around 10.8 million by 2041. As it does so, employment is expected to increase on average by 49,000 jobs each year, reaching 6.9 million over the same period.”

Accommodating this growth is London’s biggest planning challenge, but the Intend to Publish *London Plan* is clear that this should not be growth at any cost, and that the type of growth also matters.

The Intend to Publish *Plan* therefore emphasises the importance of “Good Growth”, which the previously published *Draft Economic Development Strategy* (December 2017) described as:

“...growth that is well planned and sustainable. It is growth which preserves and enhances the city’s integrity for future generations and improves the quality of life for Londoners”.

The Intend to Publish *London Plan* seeks to provide spatial expression of the concept, which is said to underpin the Plan and to ensure that it is focused on sustainable development. It defines good growth as:

“...growth that is socially and economically inclusive and environmentally sustainable”.

It suggests that economic growth should not be pursued simply as an end in itself, and that growth should be planned

“...on the basis of its potential to improve the health and quality of life of all Londoners, to reduce inequalities and to make the city a better place to live, work and visit”.

This is what LBBD's *Industrial Land Strategy* seeks to achieve by improving employment and economic opportunities for all in Barking & Dagenham, and to lift the levels of poverty and deprivation above their current under-performing levels.

These objectives are integral to LBBD's *Industrial Land Strategy* by seeking to transform redundant land and buildings into productive resources.

The Intend to Publish *London Plan* then translates into a series of policies. The more relevant of which for the *Industrial Land Strategy*, are policies GG1, GG2 and GG5, extracts of which are reproduced below.

Policy GG1 Building strong and inclusive communities - In building strong and inclusive communities in London, this policy notes that planning and development must

"...seek to ensure changes to the physical environment to achieve an overall positive contribution to London" and "seek to ensure that London continues to generate a wide range of economic and other opportunities, and that everyone is able to benefit from these to ensure that London is a fairer, more inclusive and more equal city".

Policy GG2 Making the best use of land - To create successful mixed-use places that make the best use of land, those involved in planning and development must:

- enable the development of brownfield land, particularly in Opportunity Areas, on surplus public sector land, and sites within and on the edge of town centres, as well as utilising small sites.
- proactively explore the potential to intensify the use of land to support additional homes and workspaces, promoting higher density development, particularly in locations that are well-connected to jobs, services, infrastructure and amenities by public transport, walking and cycling.

These objectives are integral to LBBD's *Industrial Land Strategy* by seeking to transform redundant land and buildings into productive resources.

Policy GG5 Growing a good economy - To conserve and enhance London's global economic competitiveness and ensure that economic success is shared amongst all Londoners, those involved in planning and development must:

- Promote the strength and potential of the wider city region.
- Seek to ensure that London's economy diversifies and that the benefits of economic success are shared more equitably across London.
- Plan for sufficient employment and industrial space in the right locations to support economic development and regeneration.
- Ensure that London continues to provide leadership in innovation, research, policy and ideas, supporting its role as an international incubator and centre for learning.
- Make the fullest use of London's existing and future public transport, walking and cycling network, as well as its network of town centres, to support agglomeration and economic activity.

It goes further to state,

*“...but growth in town centres across London will be equally important, alongside supporting local regeneration, investment in Opportunity Areas and **enabling access to a wide range of jobs. Reasonably-priced, good quality employment space will be needed across London to make this happen.**” (Bold is our emphasis.)*

Developing digital infrastructure and the skills of Londoners are also seen as being critical to delivering good growth. This is as important in LBBB as elsewhere.

The economy chapter of the Intend to Publish *London Plan* contains eleven policies, and nine of which are relevant to what specifically this *Industrial Land Strategy* is seeking to achieve.

Policy E1 Offices - addresses the range type and locations required for office provision to keep London's economy competitive. With LBBB, Barking Town Centre is the only area identified as having demand for existing office functions, normally within smaller units.

LBBB has a small office market, and it is likely to remain as such, so targeted provision will be required.

Policy E2 Low-cost employment space seeks to support the provision and sufficient supply of employment space of different types, uses and sizes, and where necessary protection, of low-cost employment space for SMEs and start-up businesses. It is also seeking to ensure that workspaces are available at an appropriate range of rents.

Land values in LBBB suggest that the Borough can provide competitively priced employment space, and this advantage should be optimised.

Policy E3 Affordable workspace aims to secure “...workspace that is provided at rents maintained below the market rate for that space for a specific social, cultural, or economic development purpose.”

Viability is a question here, and there is likely to be the need for public intervention and/or close working with developers to ensure mixed use development.

Policy E4 Land for industry, logistics and services to support London's economic function aims to secure a sufficient supply of land and premises in different parts of London to meet current and future demands for industrial and related functions. The Plan addresses the need to retain sufficient industrial, logistics and related capacity by seeking no overall net loss of industrial floorspace in London's SILs and LSIS. This floorspace capacity is defined as either the existing industrial floorspace on-site or the potential industrial floorspace that could be accommodated onsite at a 65 per cent plot ratio, depending on whichever is the greater. Any release of industrial land to manage issues of long-term vacancy and to achieve wider planning objectives, should be facilitated through the processes of industrial intensification, co-location and substitution (as set out in Policy E7).

It should be recognised that the needs of industry in LBBB, and generally across London, are changing. Setting aside the requirements of large logistics firms, land use demand is becoming more intensive rather than extensive. This implies a 'smarter' use of industrial land such that greater intensity of use in one area can justify the release in another, so long as the overall requirement for jobs is met.

Policy E5 Strategic Industrial Locations (SIL) aims to protect and intensify use on defined SILs. In particular, it advocates innovations to make more effective use of land in SILs, which should be explored in Local Plan reviews and Opportunity Area Planning Frameworks. This should consider the potential to rationalise areas of SIL that are currently in non-industrial and related uses or contain

transport or utilities uses which are surplus to requirements. It also identifies the Thames Gateway with the greatest scope for strategically co-ordinated plan-led consolidation of SILs, where vacancy rates are higher than the average, particularly in the boroughs of Newham and Barking & Dagenham. As such, Barking & Dagenham, Newham and Havering have been identified as the only three boroughs where there can be the release of industrial land within SILs and LSISs.

LBBD has a critical role to perform in providing a reservoir of suitable SIL for the capital's needs.

Policy E6 Locally Significant Industrial Sites (LSIS) ask boroughs to define local boundaries where the evidence justifies and makes clear the range of industrial and related uses that are acceptable in LSIS.

As such, LBBD's LSIS allocations must be sensitive to the changing needs of the local economy.

Policy E7 Industrial intensification, co-location and substitution seeks to actively encourage planned intensification and more efficient use of industrial land in selected parts of SIL or LSIS, which can be intensified to provide additional industrial capacity and/or to support the delivery of residential and other uses. Such reuses must form part of the Local Plan and/or through a co-ordinated masterplanning process in collaboration with the GLA. But only in LSIS and other areas outside of SIL, should the scope for co-locating industrial uses with residential and other uses be considered.

See comment made under Policy E4 above.

Policy E8 Sector growth opportunities and clusters aim to encourage growth across a diverse range of sectors and support the development of high-tech clusters.

This *Industrial Land Strategy* identifies growth sectors in **Chapter 6**.

Policy E11 Skills and opportunities for all seeks to promote inclusive access to training, skills and employment opportunities for all Londoners.

LBBD's *Industrial Land Strategy* seeks to address this critical policy by making available the land and buildings to support the businesses most likely to provide access to skills and training.

Further to these specific policies, the Intend to Publish Plan notes that,

"Over the period 2001 to 2015, more than 1,300 hectares of industrial land (including SILs, LSIS and Non-Designated Industrial Sites) was transferred to other uses. This was well in excess of previously established London Plan monitoring benchmarks".

The Intend to Publish Plan notes how London depends on a wide range of industrial, logistics and related uses to keep the city functioning and consequently...

"...addresses the need to retain sufficient industrial, logistics and related capacity by seeking, as a general principle, no overall net loss of industrial floorspace capacity across London in designated SIL and LSIS."

London's SILs are the capital's main reservoir of land for industrial, logistics and related uses and they are given strategic protection because they are critical to the effective functioning of London's economy. The principle of no net loss of industrial floorspace capacity applies to overall areas of SIL and LSIS, and not necessarily to individual sites within them.

LBBD has three SILs, namely: Dagenham Dock/Rainham Employment Area, Rippleside and River Road Employment Area. The *Draft London Plan* states that SILs should be managed proactively

through a plan-led process to sustain them as London's largest concentrations of industrial, logistics and related capacity for uses that support the functioning of London's economy.

The Intend to Publish *London Plan* introduces a new categorisation for boroughs regarding industrial land release. The new categories include: 'provide capacity', 'retain' and 'limited release'. There are three boroughs in the 'limited release' category (all in the Thames Gateway), including LBBD, where industrial land vacancy rates are currently well above the London average. These boroughs are encouraged to intensify industrial floorspace capacity, investigate the reasons for high levels of vacancy, take positive steps to bring vacant sites back into industrial use where there is demand and support the re-use of surplus industrial land and floorspace for other uses through a proactive plan-led approach. LBBD's *Industrial Land Strategy* is focused on the need to intensify land use and bring vacant land back into productive use.

All London boroughs are expected to develop local policies to protect and intensify the function of SILs and enhance their attractiveness and competitiveness (including access improvements to access, public transport, and digital connectivity and other related infrastructure). They are also expected to explore opportunities to intensify and make more efficient use of land on SILs.

Regional Guidance

GLA (2018) Industrial Intensification and Co-location Practice Note

As noted earlier, the Intend to Publish *London Plan* Policy E7 supports the intensification of industrial uses within Strategic Industrial Locations (SIL) and Locally Significant Industrial Sites (LSIS) to make better use of land and to strengthen their role in supporting growth in London's economy and population. The policy also supports plan-led or masterplan approaches to intensify industrial capacity in SILs and LSIS to free up land to meet other planning objectives, such as housing and infrastructure.

The Practice Note sets out good practice principles for plan-led or masterplan approaches to industrial intensification and co-location in the context of Policy E7. For both plan-led and masterplan approaches, the note sets out guidelines on what they would need to cover in greater detail. It is intended that the principles established here will inform a much broader Supplementary Planning Guidance (SPG) document that will provide advice on the implementation of new *London Plan* policies E4-E7.

We Made That (2018) Industrial Intensification and Co-location: Design and Delivery Testing

This report was commissioned by the GLA to provide guidance on the acceptability of industrial intensification and co-location with residential, and to test the viability and deliverability of various proposals. The research defined and measured industrial intensification, to help inform the implementation of planning policies and the assessment of planning applications. It provided specifications and construction costs, and definitions of industrial space specifications, to ensure industrial intensification and co-location with residential, results in genuinely 'industrial' spaces.

The work concluded that there is a wide range of options available to the public sector with a variety of associated risks and rewards. Public sector bodies will need to carefully consider the role that they wish to play in supporting the intensification of industrial premises. For example, they can opt for a limited role although this may not result in enough schemes coming forward. Alternatively, they could opt for a more robust role which would increase the likelihood that schemes come forward, but this would mean assuming a greater level of risk.

GLA, TfL, Barking and Dagenham and Havering Councils (2015), London Riverside Opportunity Area Planning Framework

This Framework puts forward strategies to guide the regeneration of the area setting out how the Mayor's planning, transport, housing and land functions can be coordinated to maximise the public benefit to Londoners. It looks at land use including industry, housing and connectivity, and the interventions that will be needed to facilitate change. This includes encouraging and facilitating the consolidation and intensification of the industrial districts at River Road and Dagenham Dock employment areas; integrate sites including employment and new residential along the River Roding and at Barking Riverside.

GLA (2012) Land for Industry and Transport supplementary planning guidance (SPG)

The SPG provides early guidance on the implementation of policies relating to land for industrial type activities and transport in the Mayor's London Plan (2011). It guides planning for the shift within the industrial sectors towards supporting efficient and sustainable land supply for logistics, waste management, recycling, environmental industries including renewable energy generation, transport functions, utilities, wholesale markets and some creative industries. It also seeks to bring forward the most attractive sites while managing the release of strategically surplus capacity to other uses. Land released must also be re-used to meet strategic as well as local priorities, with the key priority including housing and appropriate mixed development.

Mayor of London's Safeguarded Wharves Directions (2000)

Since 2000 there has been a network of wharves in London protected by Safeguarding Directions. These Directions require that the Mayor is consulted before the granting of planning permission on a Safeguarded Wharf. As set out in the current and draft Intend to Publish *London Plan* proposes to protect wharves for water-borne freight handling.

Within LBBD, there are 11 safeguarded wharves at Pinnacle Terminal, Pinns Wharf, Rippleway Wharf, RMC Roadstone (also known as Dagenham Wharf), Van Dalen (Hunt's Wharf) (also known as East Jetty), Victoria Stone Wharf, Welbeck Wharf, White Mountain Roadstone (also known as No. 1 Western Extension), Debden Wharf, DePass and Wharf Docklands Wharf.

In 2018 the Mayor commenced a further review and is recommending some changes to the network. As part of this **Safeguarded Wharves Review 2018-19**, Welbeck Wharf on the River Roding within the River Road SIL in LBBD is one of eight from 50 London wharves being recommended for removal of its safeguard status.

Evidence Informing the Draft London Plan and Regional Guidance

To identify the rationale behind the GLA's specification for no net loss of employment floorspace within the Borough, the evidence prepared for the GLA has been reviewed and summarised here. These are principally guided by the following documents.

CAG Consultants (2017) London Industrial Land Demand Study

LBBD's *Industrial Land Strategy* assesses demand for various types of industry and forecasts the amount of industrial land that London needs to maintain to ensure that it continues to function as a successful and sustainable city. As London continues to grow, there is increasing pressure on all forms of land use activity to demonstrate that they are contributing efficiently to London's needs. The London Industrial Land Demand Study (LILD) notes that industrial land in London is under pressure given the high demand for housing land and the higher land values that residential development normally commands compared to industrial.

The LILD research identified a positive net demand for industrial land in London over the period 2016 to 2041, reflecting the strong demand for logistics to service growth in London's economy and population. But it also notes the high level of vacant land in areas such as LBBB (noted to be almost 12% of all employment land), and therefore the GLA's assessment indicates that across London there would be scope to release a further 233 ha of industrial land (including wasteland) over the period 2016 to 2041, although 185 ha of such land already had permission to convert to non-industrial uses.

The LILD considers the London industrial market in the context of the wider South East economy, to examine existing linkages and consider how these may develop in the future. Specifically, the study aims to inform the Industrial Release Benchmarks that are published in the *Land for Industry and Transport SPG*. The current SPG provides guidance on the amount of industrial land to be released at borough level and identified approximately 30 ha of industrial land that may be suitable for release to other uses within LBBB.

GLA (2018) Thames Estuary Production Corridor: An Industrial Vision to Create a World-class Location for the Creative Industries

A collaboration between London and South East Local Enterprise Partnerships is seeking to deliver an ambitious vision for the Thames Estuary, in which it becomes the epicentre of the Government's new *Industrial Strategy*, a key ingredient of which is becoming home to a globally competitive Production Corridor uniquely focused on creativity.

Achieving this vision will require a very significant investment, but many of the conditions are there. There is ready-and-waiting industrial land, a skilled workforce, a network of research centres, improved connectivity and transport links. This vision will catalyse the sector by building on the strong existing network of creative organisations, Further/Higher Education institutions and repurposing great swathes of industrial land and expertise.

Local Strategic Context

Barking and Dagenham Together - Borough Manifesto

LBBB has set out its long-term objectives for the Borough, running over 20 years between 2017 and 2037. Its vision is to be London's Growth Opportunity with 50,000 new homes, 20,000 jobs and large-scale regeneration. It is looking to support its residents' aspirations to flourish as individuals and as families, and for residents to choose to stay in the Borough and to be able to afford to do that. These are aspirational objectives that represent a transformational change to the Borough's economy. LBBB's *Industrial Land Strategy* seeks to support these aims by, itself, supporting transformational change. More of the same, in terms of land markets, will not be adequate to meet LBBB's social and economic objectives.

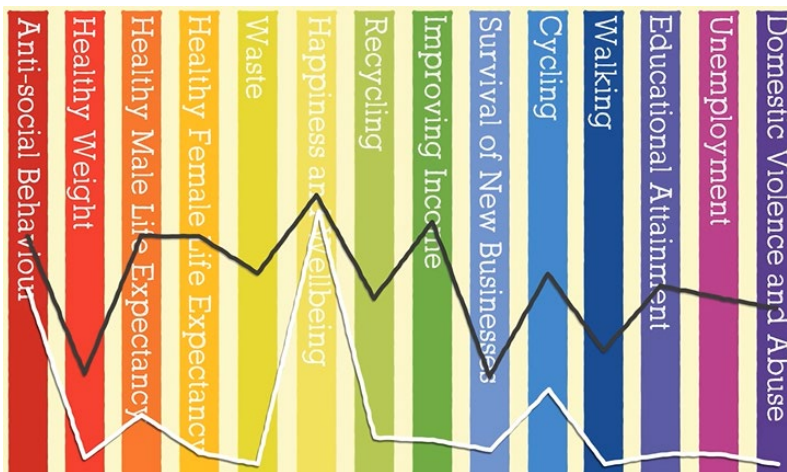
It references the performance of LBBB socio-economy to be at the low end across all London boroughs' key performance areas, as shown by the white line in **Figure A.1**. Its ambition is to raise these to the black line in the chart in **Figure A.1**; with the key targets set for 2037 to be about mid-level within London on all these indicators. Currently, LBBB is at the bottom end of the performances relating to the economy, access to suitable employment opportunities and enterprises and to achieve the Borough Manifesto targets. There will need to be improvements in these three factors, which should be critical objectives for LBBB's *Industrial Land Strategy*.

One of the borough's ambitions is set around employment and enterprise, with targets for:

- unemployment to be lower than the Outer East London average;

- growth in businesses larger than the Outer East London average; and
- income improving faster than the London median.

Figure A.1 LBBD's Growth Targets



Source: Barking and Dagenham Together - Borough Manifesto

The Borough Council cannot deliver all the actions on its own.²¹ Instead, this will require the support and resources of partners at every level (regional, sub-regional and local) and in every sector (public, private and voluntary). Also, working closely with business groups and individual businesses is particularly important and will require the influence of the local and wider market businesses and investors, to help make change happen.

But there is one area where the Borough Council, as the principal planning authority, and Be First, as the Borough Council's development agency, can influence and facilitate growth to work towards meeting local economic development. This is in making the right land available that businesses and investors want to deliver.

The Emerging Barking and Dagenham Local Plan

At the time of preparing the LBBD *Industrial Land Strategy*, LBBD's Draft Local Plan 2037 Regulation 19 Consultation Version was available in September 2020.

The underlying vision of the Draft *Local Plan* is that by 2037, LBBD will "...harness the growth opportunity that arises from our people, our land and our location, while ensuring it is sustainable and improves prosperity, wellbeing and participation for all".

In doing so, it is aiming to kick start the regeneration of the Borough by planning for 50,000 new homes and 20,000 jobs. It aims to achieve this through the intelligent use of industrial land within the Borough. This includes delivering industrial intensification of its employment areas along with co-location with housing sites to enable the right quantum of land for sustaining and growing its employment space and delivering its residential target.

The Draft *Local Plan* has categorised the Borough into seven Sub-Areas, as a mechanism for explaining the distinct characters, opportunities, constraints and broad principles for development.

²¹ It is important to recognise that the amount of money spent by local authorities on economic development specifically is small in comparison to total spending in a local area on services that will impact on economic vitality, such as schools and training academies, and key infrastructure like transport.

The Borough Council has identified potential development sites for housing, employment and other uses based on extensive and larger scale development focused primarily in:

- a) Barking town centre and surrounds
- b) Barking Riverside
- c) Thames Road and River Road
- d) Castle Green
- e) Chadwell Heath
- f) Dagenham Dock
- g) Dagenham East.

The Draft *Local Plan* identifies a set of objectives to grasp the opportunities to support economic growth. These include:

- Reconfiguring industrial land to increase job densities and deliver homes where they are needed.
- Focusing on supporting growing sectors and providing the facilities for Small Medium Enterprises (SMEs) to thrive and grow. This will include affordable, flexible workspace.
- Strengthening and diversifying existing local businesses and the newly emerging creative and cultural industries in Barking Town Centre and along the River Roding, as well as the science, media, tech cluster in Dagenham East.
- Expanding LBBD's knowledge-based economy, with the arrival of Coventry University London to the iconic Dagenham Civic Centre in 2017.
- The growth potential offered by London's three strategic wholesale markets being relocated to Dagenham Dock that will enable investment in the long-run.
- Delivering new and improved infrastructure to unlock land for redevelopment and stimulate and facilitate investment, particularly a new rail station at Barking Riverside with the extension of the London Overground, the proposed undergrounding of a section of the A13 road, and the arrival of Crossrail at Chadwell Heath.
- Providing better quality, more affordable housing to meet the local needs by building more homes to meet the need for all, including unlocking some of LBBD's underused industrial land. it will deliver new homes and new jobs, and be the new cultural and creative heart of the Borough.
- Regeneration of the Gascoigne Estate and housing development on former industrial sites along the River Roding so that this area will become part of a vibrant and creative community.
- Making more intelligent use of its industrial land to relocate suitable businesses from Thames Road and Castle Green to free up these locations for alternative land uses, including residential.

In doing so, the Draft *Local Plan* is seeking to prioritise broad development principles for its seven Sub-Areas, which includes focusing on reconfiguring land use, including residential and economic development based on:

- Establishing new district centres within Barking Riverside and Castle Green.
 - Undertaking industrial audits to determine how both Thames Road and Castle Green should come forward, and incorporate innovative development typologies that intensify land use and optimise site potential, including the co-location of commercial (including industrial) and residential uses.
-

- Delivering a range of employment uses, including office, distribution/logistics and light industrial, and potentially a logistics hub at Box Lane.
- Regenerating the industrial areas will be appropriately stitched together with existing residential neighbourhoods, while adding vitally needed new services and social infrastructure alongside improvements in local transport (including buses, walking and cycling) and the public realm. This includes through to Thames View, Barking Riverside and beyond..

The *Draft Local Plan* includes policies to help LBBD achieve a thriving economy. These include the following draft policies:

Policy SP5: Promoting inclusive economic growth – is seeking to direct major office development to Barking's town centre with a smaller, secondary, provision in district centres. To strengthen and intensify the Borough's extensive and underutilised SIL and LSIS by avoiding vacant or under-utilised buildings and spaces by encouraging and supporting the provision of flexible, affordable, modern employment spaces in suitable locations; ensuring the design of employment space is flexible and adaptable to the changing needs of different types of potential user, and with the rationalisation or relocation of Safeguarded Wharves. Also includes a focus on providing new high-quality employment and training opportunities for local people, and procurement opportunities for local businesses, through long-term social infrastructure and education.

Policy DME 1: Utilising the Borough's employment land more efficiently - Within the designated SIL and LSIS boundary, the Borough Council is aiming to support development proposals where they can deliver employment floorspace that: comprises uses that are suitable for broad industrial-type activities; achieves no net loss of industrial floorspace capacity (but with some exceptional circumstance) and where feasible; retains and intensifies use of industrial floorspace; and forms part of the mix in redevelopment proposals; and provides a mix of unit sizes to respond to market demand and occupier requirements to secure viable occupation. Existing small business units should be re-provided for. Also, on employment sites outside of SIL and LSIS, the Borough Council's preference is to resist development proposals that would result in the net loss of viable employment floorspace, particularly affordable and low-cost workspace.

Policy DME 2: Providing flexible, affordable workspace – sets out criteria that would encourage the provision of affordable workspace within developments for new employment.

Policy DME 3: Encouraging vibrant, resilient, and characterful town centres - To support and reinforce the role and function of LBBD's designated town centres.

During the development of the LBBD Local Plan, the Council/BeFirst will be undertaking a range of studies, including retail, housing, environment, transport and conservation, infrastructure, viability to inform policy development which may also impact on employment policies, including:

- Economic Development Study (2014)
 - The Future of Our Local Economy, DRAFT Growth Scenarios, The LBBD, GL Hearn (2017 draft to be completed)
 - The Future of Our Employment Land, LBBD, Hawkins and Brown (2018 draft to be completed)
 - Strategic Land Assessment (2020)
 - Boroughwide Transport Impact Assessment (2020)
 - Infrastructure Delivery Plan (2020)
 - A strategic overview of A13 (2020)
-

- Local Plan Viability Study (2020)

Appendix B: Sites Assessments

Introduction

The LBBD core employment areas have been reviewed in terms of their future delivery for employment activity. These areas include:

- Dagenham Dock SIL and NDIS (part of Dagenham Dock and Rainham SIL)
- Castle Green (Rippleside SIL)
- River Road SIL/LSIS (covering River Road, Thames Road, Creekmouth and Kingsbridge)
- Dagenham East LSIS and NDIS (covering Dagenham East and Wantz Road)
- Barking & the River Roding Area LSIS (covering Gascoigne South and Hertford Road)
- Chadwell Heath LSIS

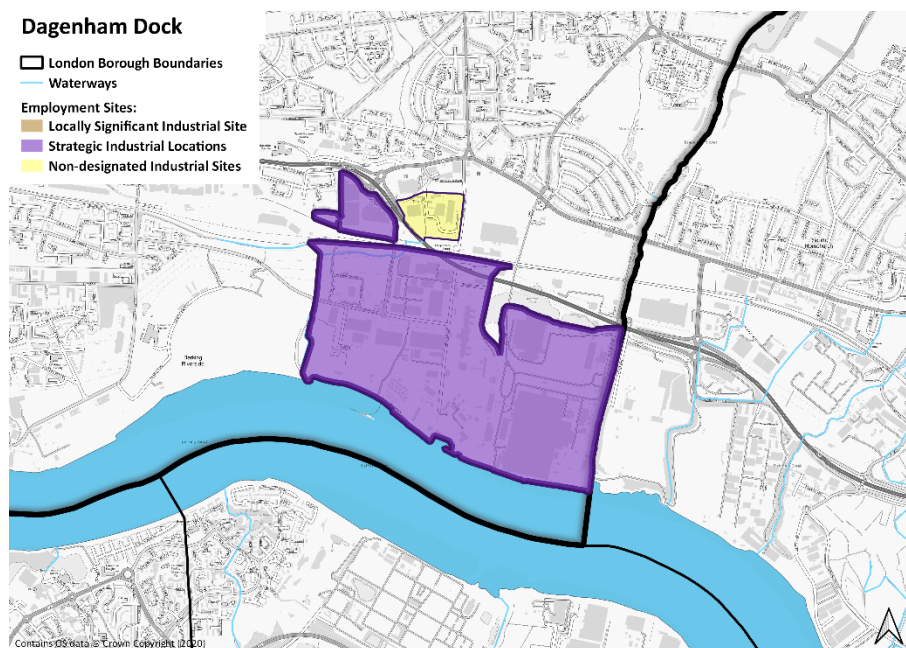
The assessment considers current site characteristics, locations and market conditions in terms of their broad market and deliverability potential to meet the identified modern requirements. This also considers the opportunities for more employment land intensity based on emerging Plan-led and Masterplans and higher plot ratios using GLA guidelines set out in its Industrial Intensification and Co-location Practice Note (GLA, November 2018).

In reviewing the potential for of the Borough's stock to deliver employment spaces to support transformational economic change, each site was assessed based on a visual audit and inspection by PorterPE and Ramidus in December 2019, together with desk research. This assessment considers the following key factors.

- **Site characteristics** – covering the sites designated status, the quantum of land and floorspace, and current uses, reviewing the external environment of employment areas, with regards to prominence and the nature and extent of the site's neighbouring uses; in particular considering the likely risk of conflict arising from existing or potential future employment uses on the area.
- **Location and accessibility** – this considers the location to the local and strategic road network (primary trunk roads) and the proximity of facilities that would be of benefit for existing or future occupiers, which is an important locational factor both for industrial and office occupiers. Also, their general location accessibility is assessed for public transport access using PTAL (Public Transport Accessibility Levels) ratings, based on the following Key: 0 (Worst) to 6b (Best) at the Base Year, covering existing public transport modes, and PTAL forecasts at 2031 based on TfL's committed and funded transport investment programme.
- **Market conditions** – the type of use the sites would attract and likely market demand potential to come forward, surrounding uses and site layout including with neighbouring uses. This should consider the needs of industrial occupiers and the relationships and inter-dependencies between different industrial areas across the Borough and further afield.
- **Opportunities for change** - an indication of when the site is likely to come forward over the life of the Plan is based on site characteristics and demand. Where there is real scope for industrial sites to be redeveloped, consideration is given to the industrial capacity being re-provided through a process of industrial intensification through a wider mix of industrial uses, alternative configurations and multi-story industrial development to achieve higher plot ratios in accordance with the Intend to Publish London Plan Policy E7 and the guidance in the Mayor's Practice note on industrial intensification and co-location through plan-led and masterplan approaches (November 2018).²²

²² The draft London Plan target for a 65% plot ratio for industrial and warehousing sites has now fallen away following the SoS' letter to the GLA to move away from its default 65% plot ratio and to rely on a comprehensive and pragmatic approach for re-providing existing levels of floorspace.

Dagenham Dock (part of Dagenham Dock and Rainham SIL)



Site Characteristics

Dagenham Dock is designated a SIL area, the largest SIL in LBBB, which along with its non-designated industrial sites it covers some 219 ha. It accommodates some 400,000 sqm of employment and non-employment built floorspace, with the latter accounting for about one third of all the floorspace, plus a substantial amount of open storage spaces. In total, Dagenham Dock accounts for 47% of all existing designated industrial land within LBBB, and slightly more than one-fifth of the industrial built space plus a substantial amount of industrial land in open storage (c.150,000 sqm) use.

It currently has an extremely low employment land plot ratio of 19%, largely due to several vacant sites in addition to active open yard storage spaces that are not included in the plot ratio. Other parts of the Dagenham Dock have been partially cleared and redeveloped.

The industrial nature of this area is magnified by heavy electrical pylons and vehicle-worn roads spreading through the area. It also includes the disused Barking Reach power station site, the old Ford factory that is now cleared, and other related and unrelated industrial and storage uses, including open storage. There is a good mix of modern and prime space, but there are also significant numbers of secondary and tertiary quality spaces.

Location and Accessibility

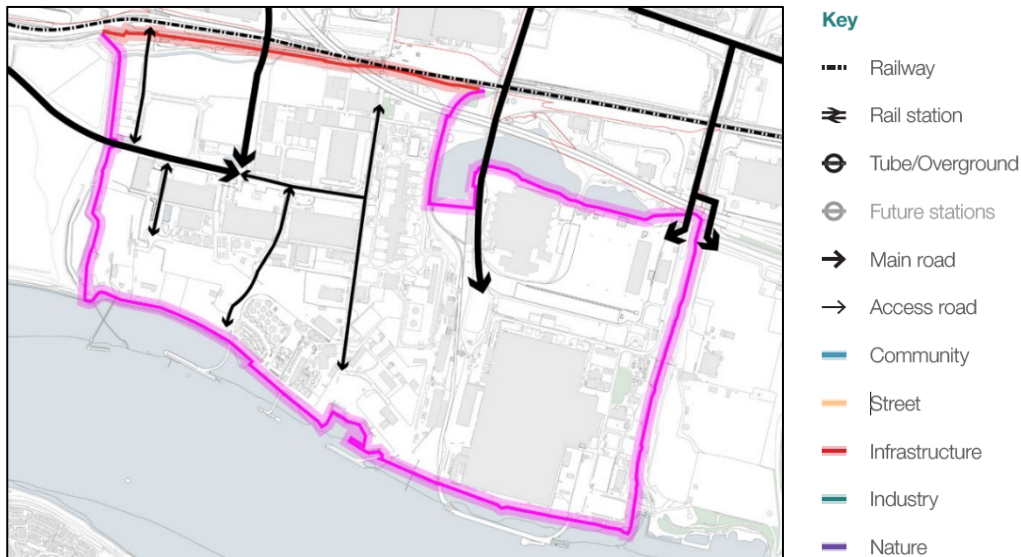
Dagenham Dock is the largest single employment site in the district located between the A13 and the River Thames to the south of Dagenham. Its location is uniquely very industrial and isolated from the main urban area. But the main employment area is well served by road, with access to the radial east-west strategic road network (A13), which is just over 1km from the site. As shown in **Figure B1**, good service roads are running through different points of this site.

Dagenham Dock train station is the nearest station and it is served by East London Transit, which is within easy access for most parts of the employment area. A new train station going into Beam Park is likely to increase public transport accessibility.

The area also includes an on-site wharf/port related facility and dedicated rail links into the eastern side area.

Generally, the area is identified with relatively poor public transport access, with the following current and future PTAL ratings: 2018 =1 to 2; 2031 =1 to 2. Consequently, most access will be by road, using the A13, and therefore investment in the A13 will be necessary to support the expansion of Dagenham Dock' employment uses.

Figure B1 Dagenham Dock employment area and surrounding accessibility



Source: Hawkins Brown for Be First

Market Conditions

Most existing uses are industrial, although there is a growing demand for strategic warehousing serving the last mile economy. No available industrial properties are being advertised on EGi, and the latest recorded deals are in 2017, when four units achieved rents averaging around £100/sqm.

Given its industrial legacy, there are a large number of brownfield vacant sites awaiting redevelopment. There are more vacant sites here than anywhere else in the Borough. This provides a significant driver for supporting transformative employment growth. The biggest contributor to vacant land is Ford; as well as a plant that previously housed car production, there are also substantial land holdings previously used for open storage of new cars that are no longer used.

Ford still manufactures about a third of its diesel engines for the European market here, and the area includes the London Sustainable Industries Park that supports cleantech, environmental industries and technologies. There is no certainty of Ford's investment remaining and/or increasing in the area, especially with the market for diesel engines reducing due to the increasing shift towards more environmentally sensitive electric vehicles. But there may be scope to continue Ford's investment in the engine plant with new investments in electrical engines.

The City of London Corporation has purchased the 17 hectare former Barking Reach Power station brownfield site at Dagenham Dock and submitted a planning application to relocate three historic markets (Billingsgate, Spitalfields and New Spitalfields markets) onto and create what it claims would be the country's largest wholesale food market in a new 120,000 sqm facility. The City of London Corporation has also expressed a desire to have a wharf frontage as well as a larger site area that may require land assembly to the south and the north and additional land to the west to accommodate related third-party suppliers. To lessen its environmental impact, the City of London Corporation is seeking to maximise the use of the on-site wharf using river transport and wants to accommodate its onward supply chain nearby to reduce the need to travel,

alongside an aspiration for third parties to provide downstream logistic operations that are likely to co-locate with the wholesale markets. This has the potential to boost demand in Dagenham Dock provided an acceptable 'clean' environment can be created commensurate with a food processing use. Also, this area offers potential for the City of London Food College linking in with the wholesale markets. This investment should support a substantial number of new jobs and generate a clustering of food related enterprises.

There is also an interest in delivering waste transfer and recycling for energy uses, but it would be important to ensure that such waste activities can operate alongside the markets. Segro and the GLA have a joint venture agreement to develop vacant sites and there may be opportunities for intensification on these sites as well as them providing opportunities to decant uses from other estates.

Although the employment area is removed from the urban area, local shops and services, the developments progressing at the nearby Beam Reach and Barking Riverside areas will help improve the attractiveness of the area for different employment uses. There have been some recent developments, including the four phase Thames Gateway Park industrial development, to the NE of the Power Station. This scheme has full occupation within its first three phases and the recently completed fourth phase has only one vacant unit of the four units that are built.

Opportunities for Change

Dagenham Dock has the largest potential of all sites reviewed, simply in terms of scale and vacant land, to provide employment development. Large swathes of the Dagenham Dock employment area, notably the largely vacant Ford Engine Room land, will provide sufficient space to accommodate poor neighbour uses and big sheds without conflict with neighbouring uses.

There is also scope to accommodate the development of waste management and sustainable power generation facilities, although careful consideration with regards to the proposed wholesale markets will need to be considered to ensure that poor neighbour uses do not conflict with the clean market use trades, potentially creating a conflict or 'agent for change' issue.

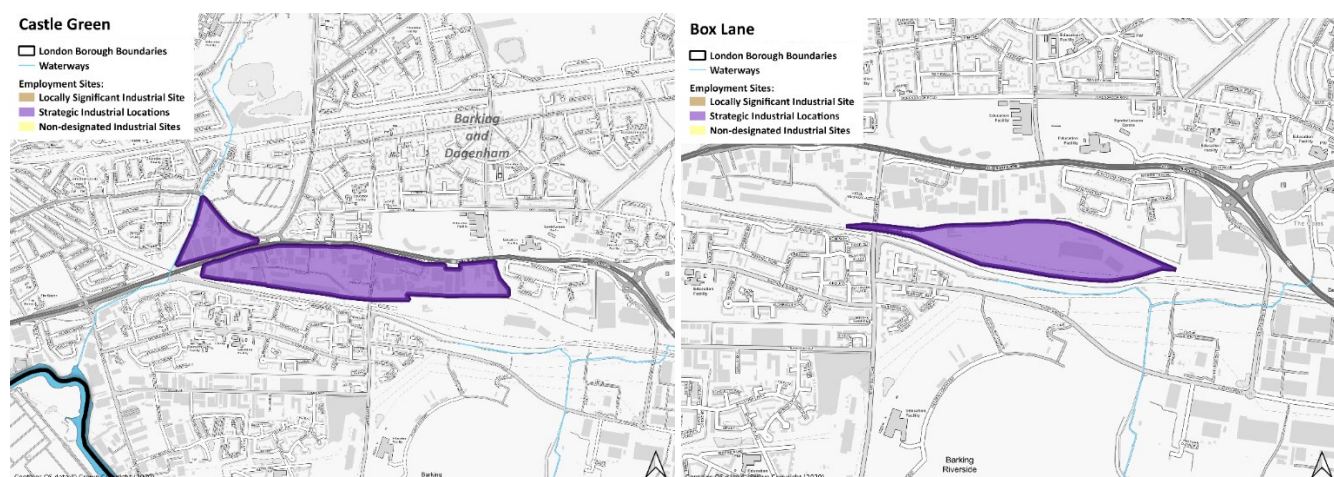
The Dagenham Dock employment area currently has over 400,000 sqm of floorspace, with a low plot ratio of 19% plus 150,000 sqm of land in use for open storage activities. There is an opportunity for substituting industrial uses from other employment areas in LBBB, along with some intensification in Dagenham Dock, releasing land for amenity improvements.

With the available land, access and surrounding/neighbouring uses, this area should be targeted for the relocated B2/B8 uses currently located elsewhere within LBBB and other London boroughs that are releasing their industrial sites. There will be further opportunities to capture relocating industrial uses through the intensification of sites, particularly along Choats Road and Chequers Lane. But these sites are under private ownership and several contain existing occupiers with significant floorspace, so if left to the market, then this may take time to achieve as demand grows for more intensified spaces through substitution of industrial uses elsewhere in the Borough and other locations.

With its good business location for big-box logistics provision, which is currently lacking within LBBB with excellent access to central London along the nearby A13, it would be a good location for stacked B2/B8 uses with shared yard space and shared goods lifts or, where accessibility allows, HGV ramps.

Such an approach in terms of intensification has the potential to generate an additional capacity for around 40,000 sqm of built floorspace, with a reduction in an overall land area equivalent to about 15 ha that can be used for alternatives uses. This level of redevelopment would be at a higher plot ratio of 23% to enable suitable amenity space and buffers between various uses and address any agent of change issues. Through efficient use of the industrial land and new industrial investments, there would be scope for increasing jobs.

Castle Green (part of Rippleside SIL)



Site Characteristics

Castle Green includes the Castle Green area (covering two thirds of the designated Rippleside SIL) and Box Lane euo-hub area (covering the other third of the designated Rippleside SIL). In total it covers 71 ha, with 190,000 sqm of existing floorspace, including 180,000 sqm of industrial floorspace, it is a substantial contributor to employment space within LBBD.

This area contains several employment sites, mostly with employment spaces that are clearly no longer fit for modern business purposes. While there are some modern premises, several of the buildings are in a poor state, with most being obsolete tertiary spaces that are likely to be supporting inefficient uses. The newer premises tend to be used by trade counter activities.

Box Lane forms part of the designated Rippleside SIL. Despite its access to a rail head on the Channel Tunnel route with ongoing connections to Europe and Asia, the Box Lane site area is under-utilised with nearly 20 ha accommodating 36,000 sqm of existing built floorspace and 50,000 sqm of open storage space. It includes a mix of logistics and aggregates uses, along with some cleared sites that are ready for re-use. The site is owned by DB Cargo, L&G and Network Rail.

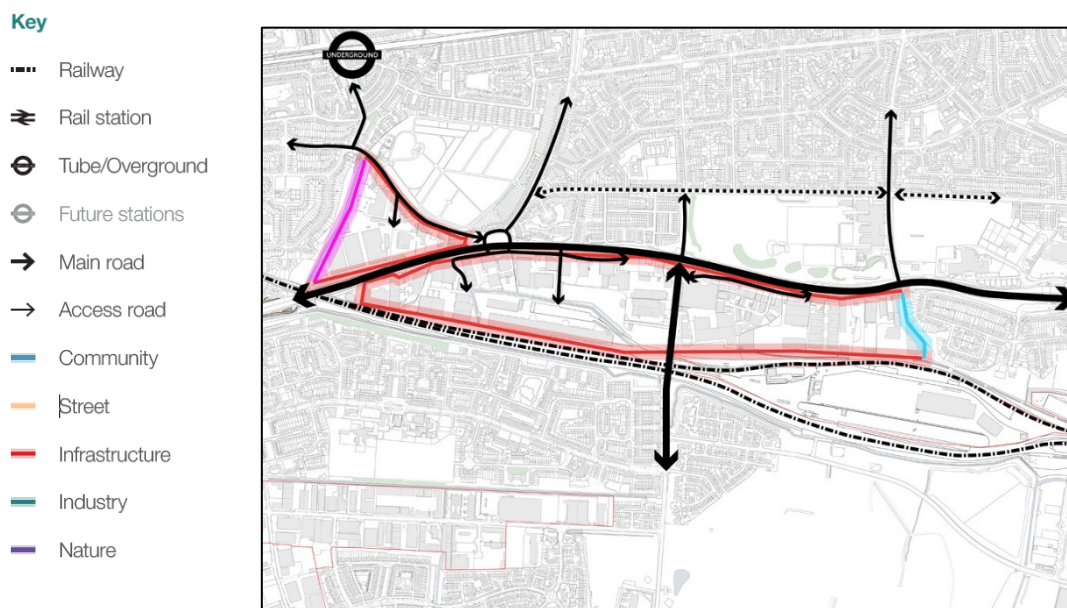
Location and Accessibility

This area includes several different employment estates located along the southern side of the A13, with one site on the northern side. As shown in **Figure B2**, the industrial estates are spread fairly linearly along the A13 arterial route, with Box Lane area at the eastern end. While the A13 provides good access to the site, the configuration for joining and leaving the A13 into this employment area is restricted in certain locations. This is impacting on its potential as a good location for the growing logistics sector into London. Also, this point of the A13 is often impacted by heavy congestion.

The Castle Green development strategy is promoting re-configuring and potentially creating a 1.3km tunnel for the A13 highway to serve the location. Also, a new train station is planned at Castle Green on the Barking Riverside line to Barking station. Along with the improved road network, this should drive demand for housing and employment in this area, to create mixed use neighbourhoods.

There is a rail head at Box Lane with the potential for linking fast strategic rail freight to HS1 and into the rest of the continent, with potential to stimulate investment in new sectors.

The improved transport infrastructure will act as a catalyst for economic growth.

Figure B2 Castle Green employment area and surrounding accessibility

Source: Hawkins Brown for Be First

Generally, the area is identified with below average public transport access, with the following current and future PTAL ratings: 2018 = 1 to 2; 2031 = 1 to 2, although this should be expected to improve with the investment in a new overground train station at Castle Green.

Market Conditions

The Castle Green area can be described as logistics territory, due to its access to central London and ports. Active employment development is occurring within Box Lane, and a decked light industrial scheme on the current DG Cargo site is in progress, which should yield a three times site coverage ratio. DB Cargo UK's London Eurohub is the only rail linked facility of its type, crucially connected to HS1 and the UK rail network. It has the ability to accommodate the unloading, storage, preparation and distribution of finished vehicles. The terminal is primarily for import and export, with an initial capability of handling up to 150,000 finished vehicles per year.²³

Generally, floorspace occupancy rates are high, with just four available industrial properties, according to EGi, totaling just over 4,000 sqm. There are no available office properties, nor have there been any recorded deals on EGi for office space within Castle Green in the past ten years.

The asking rents for the advertised available properties average around £104/sqm, which is more than 10% lower than the Borough average of £118/sqm. Such cheaper rents may be encouraging lower dense uses within the area.

Despite the relatively low industrial rents, the industrial land values are rising rapidly in this area due to the competition from residential development. The land values at around £10m per hectare, are close to the price of sites for housing. These values do not reflect the existing use values of these sites, which is employment.

As LBBD proactively pursues a strategy to relocate suitable businesses from Castle Green to free up sites for alternative land uses, including residential, Housing Infrastructure Investment Funding has been allocated to this area to facilitate this potential for significant change.

²³ As noted online: https://uk.dbcargo.com/rail-uk-en/what-we-offer/case_studies/London_Eurohub-1924960

Opportunities for Change

New housing, a district centre and associated uses, including new community facilities and amenity spaces within Castle Green are being promoted through the emerging Local Plan. Alongside this within separate hubs and in line with market demand, there is potential to support a mix of hybrid uses relating to the district centre and existing and new housing areas, providing high quality workspace which would be suitable for a range of occupier sizes. This would bring with it little in terms of potential for expanding the industrial uses within Castle Green. But there is scope to substitute some of the employment uses within this area. For example, Box Lane is a good location for a further decked logistics facility like that being built by Be-First at this site, creating industrial floorspace for storage and logistics uses that would enable the redevelopment of parts of Rippleside SIL to be re-zoned for housing or co-location uses. Similarly, the opportunities offered at Dagenham Dock SIL will enable the substitution of larger sheds, and poor neighbour industrial uses to locate in a more favourable locations that are less threatened by residential development.

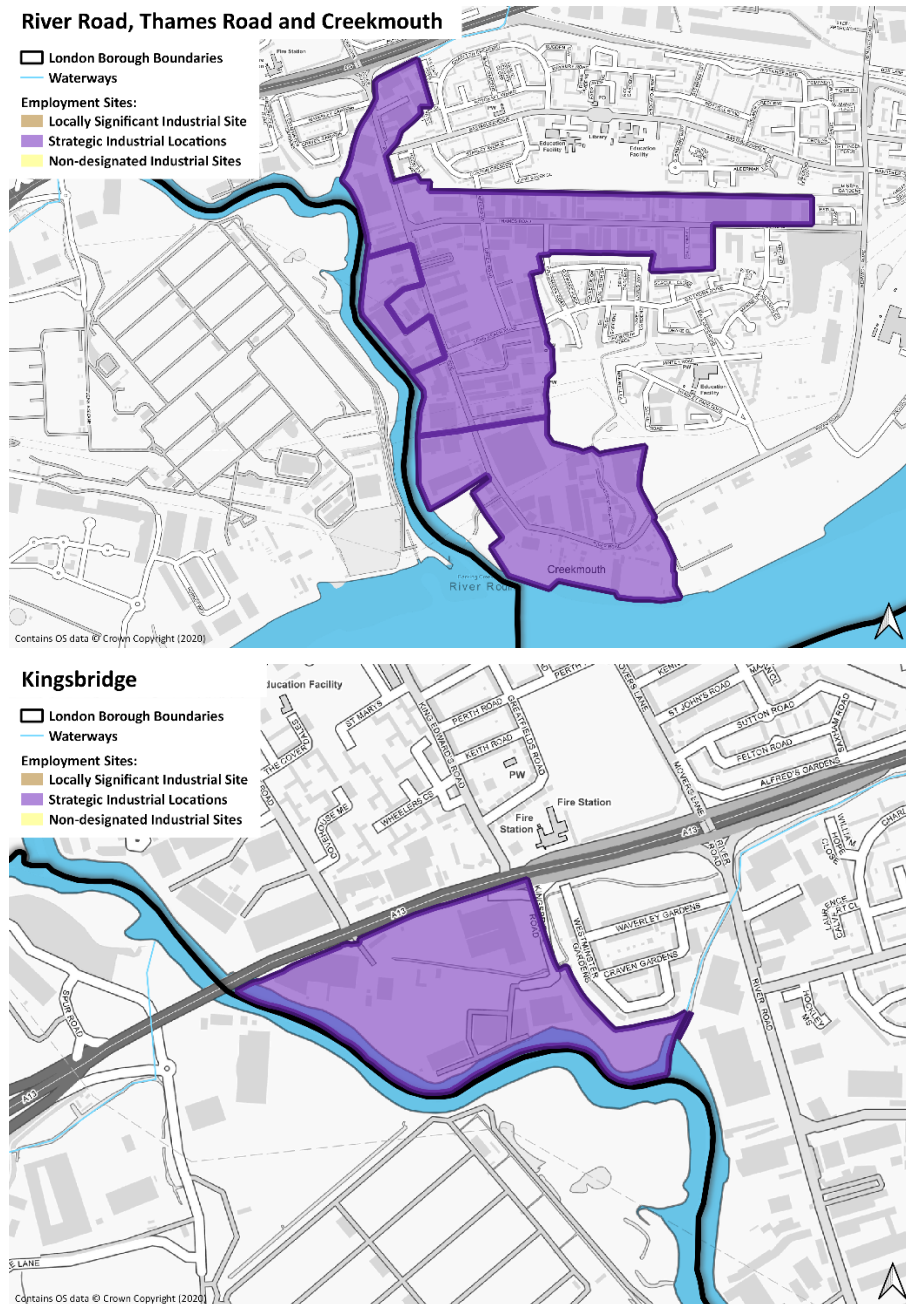
Residential values in Castle Green are currently around £3,900/sqm. This compares with other locations within LBBD like the Swan Housing scheme in Barking Town Centre that achieved the headline figure of £5,500/sqm, while most other locations are closer to £4,900/sqm. This suggests it will be some time before co-located residential and commercial floorspace in Castle Green will be commercially viable and at a level that will substitute exiting uses. The development of a district centre and social infrastructure, which contribute positively to placemaking, should help improve residential values to support delivery.

With railhead potential for supporting strategic rail freight that has access directly to HS1 and access on the channel tunnel rail link into the rest of the continent, along with easy access to strategic radial road access to central London and the M25 orbital motorway, the Box Lane site should provide anchor facilities to expand industrial uses. With its comparative advantages, this includes a potential advanced logistics hub attracting international businesses and/or accommodate smaller businesses within the hub.

Box Lane also has scope for delivering modern freight and logistics hubs in the south of the borough at the Eurohub, along with an advanced modular manufacturing centre for construction (MMC) factory, which can build on LBBD's strong local construction sector. This may provide an anchor facility to encourage a Modern Methods of Construction (MMC) hub and for encouraging and accommodating smaller businesses operating in this sector. This potential includes being a base for pre-cast facilities using construction materials, including steel to be brought in by rail.

The Castle Green employment area currently has 190,000 sqm of space, with a plot ratio of 29%. It is estimated that some 17 ha with 3,000 sqm of industrial space could be released and/or substituted to better locations within LBBD, in order to accommodate industrial intensification. To achieve transformation within Castle Green, it is important to encourage the provision of E(g) class type spaces. The remaining 54 ha should include intensively redeveloping industrial spaces and encouraging more hybrid office/studio spaces that are compatible with future residential investments within the local area. This level of redevelopment would be at a high plot ratio of 35%.

River Road SIL (including Lyons Industrial Park LSIS)



Site Characteristics

The employment area along River Road, including Thames Road, Creekmouth including the safeguarded wharves at Creekmouth, and Kingsbridge are part of the River Road designated SIL, with a small contiguous parcel of land at Lyons industrial park being classified as a LSIS. These areas combined account for 94 ha of industrial land, with about 357,000 sqm of built floorspace. There are some modern premises, but most are tertiary spaces that are likely to be generating inefficient uses.

This SIL area is expansive and accommodates a range of uses principally including employment uses mostly servicing the Central London and wider London economy. It also accommodates several sui generis uses. The

quality of the stock varies significantly from good to poor quality, and with a plot ratio of 27% (excluding open storage space).

Location and Accessibility

This area is situated to the south east of Barking Town Centre, near the south western boundary of LBBD. It is bounded by the River Roding to the west and the River Thames to the south, and adjacent to other major employment areas such as Dagenham Dock and Castle Green. New residential areas are interspersed between the core employment areas, and the locations of the employment areas are separated from local shops and services. Its location affords good access to the A13 strategic radial east-west road.

Kingsbridge includes the Kingsbridge industrial estate, which is located to the south of the A13 towards the eastern edge of the River Roding, and in proximity to the employment areas along the River Road. The Kingsbridge site has a small housing area directly adjacent to the site, which does not mix well with the scrap activities and industrial units in this area. There is evidence of persistent fly-tipping in the area, which is worsening the environmental conditions for neighbouring residents.

The area benefits from its proximity and easy access onto the A13 to the north of the area. As shown in the illustrations in **Figure B3**, the employment areas are well served by the River Road and Thames Road spine roads, which lead to the nearby east-west A13 radial route. But local access routes in this vicinity are congested at peak times and there is a shortage of on-site parking.

The area is served by a local bus service but because it is 1.5km from Barking and 2km from Upney underground stations, the area is identified with poor public transport access, with the following current and future PTAL ratings: 2018 = 1b to 2; 2031 = 1b to 2.

Market Conditions

With the benefit of its proximity and easy access onto the A13, this area has scope to be an attractive employment location is currently home to many industrial occupiers. But it could also benefit from investment in local amenities and services, which generally are attracted to residential and mixed-use areas.

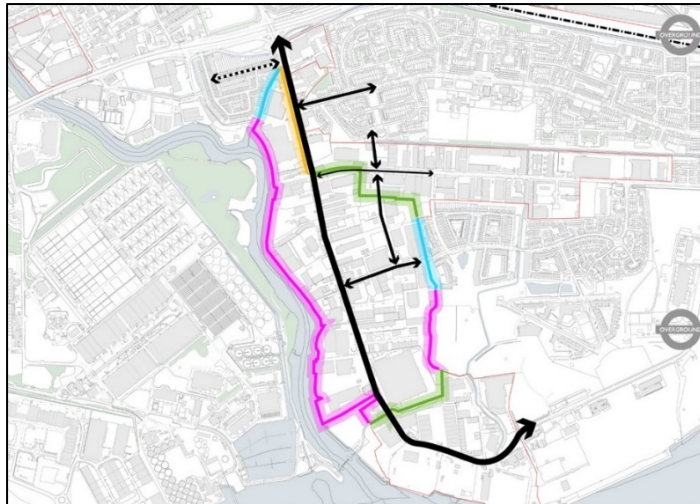
Occupancy levels are high throughout the River Road SIL, and EGi show just eight relatively small industrial units as being available, totaling around 2,500 sqm of floorspace, which is almost negligible to the total stock within this area. The advertised rents for these units, at just over £150/sqm is relatively high, and is about 25% higher than the Borough average of £118/sqm.

Kingsbridge has relatively low rents, and EGi reports that there are three industrial units available since 2017, which is suggesting a desire for some occupiers to relocate. These three units total 2,885 sqm of available floorspace, which is about 11% of the total stock within this area, which is a relatively high availability rate. Their advertised rents are between £92 to £95/sqm, which is significantly below the Borough average. This possibly reflects the comparatively poor condition both of the site generally and the buildings within it.

Some of the storage/warehousing units are obsolete and dilapidated, including a small number of underused and vacant units that may be primed for redevelopment. Also, Welbeck Wharf, which is owned by LBBD, is being released from its safeguarded wharf status that in the future will allow for alternative development. The new residential-led neighbourhood coming forward within proximity to the area at Barking Riverside, which is expected to extend into Creekmouth to make the most of the River Roding and Thames, is likely to put increasing pressure on the employment development within this area.

Figure B3 River Road SIL employment areas and surrounding accessibility

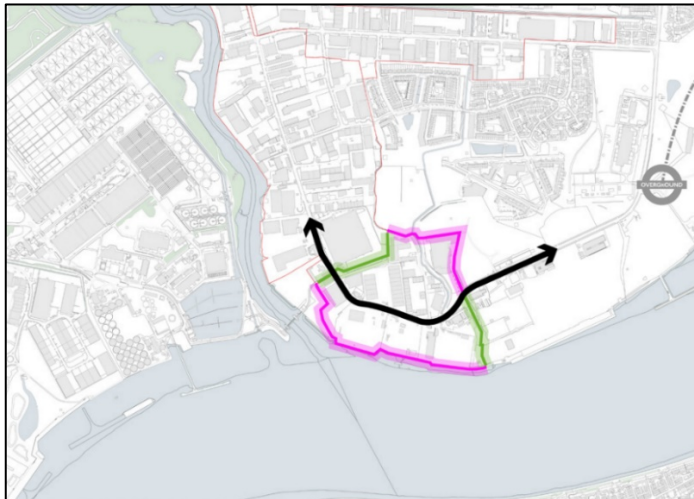
River Road



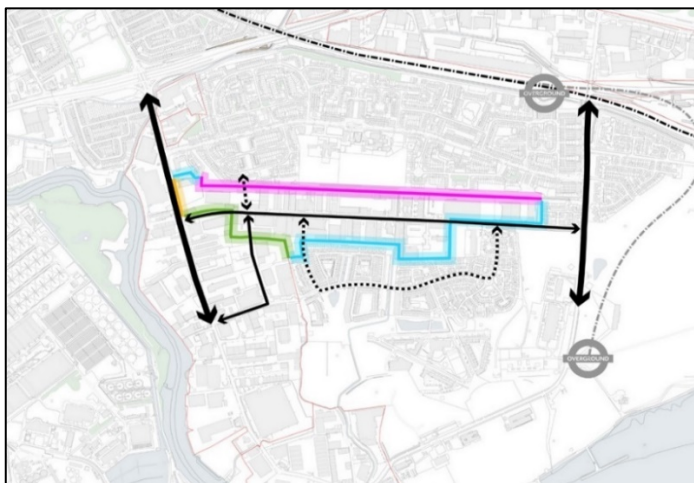
Key

- Railway
- ⊕ Rail station
- ⊙ Tube/Overground
- ⊙ Future stations
- Main road
- Access road
- Community
- Street
- Infrastructure
- Industry
- Nature

Creekmouth



Thames Road



Source: Hawkins Brown for Be First

Opportunities for Change

Roding Riverside within the Creekmouth area, is earmarked to become an attractive riverfront location, which is accessible to residents and workers and supported by a thriving residential community and complimentary amenity and workspace. This riverside location has the potential to deliver a stable and balanced population who live and work in the regenerated stretch of riverbank.

To improve sustainability, economic growth and place transformation, the arrival of new residents and potentially with different skills, along with social infrastructure that includes a new district centres within Barking Riverside and Castle Green, are likely to improve the SIL employment areas as locations for more modern, cleaner uses, such as storage and logistics, office, light industrial and hybrid uses. Such uses would potentially co-locate better with residential areas than many of the existing dirtier transport heavy uses that are supporting a low job density.

The key objective for the regeneration of Thames Road/River Road is to improve the physical appearance and reduce the severance between the existing community of Thames View and the emerging community of Barking Riverside. Consequently, the overall employment area would benefit from a moderate amount of industrial release to enable a mix of uses and co-location, including residential.

The proximity of public transport improvements at Castle Green and Barking Riverside suggests an eastern concentration of residential uses and a new pedestrian link between the three areas. Accordingly, the eastern end of Thames Road is proposed to be converted to residential uses with co-location in the central area with heavier industrial uses, including the relocation of waste recycling facilities focused on the western end, with no net loss of employment land. River Road is identified for Industrial Intensification and re-provision.

With such potential for transformative change, the bigger sheds and poorer neighbour industrial units would thrive better through substitution of premises from the SIL employment areas to the neighbouring SILs at Castle Green (in Box Lane) and Dagenham Dock. The latter is more favourable since it is less threatened by residential development that may be incompatible with some of the big shed and poor neighbour uses currently located within the River Road area.

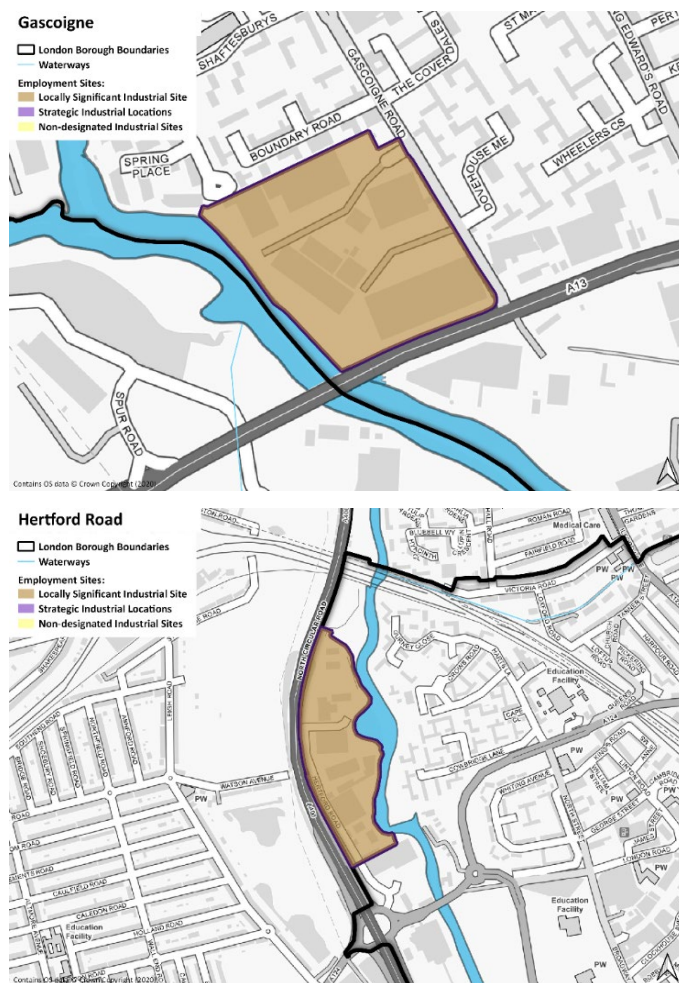
With the potential space to become available at Dagenham Dock for large shed uses, there is potential to deliver change through substitution in this area, potentially generating opportunities for new light industrial hybrid uses that would be more compatible with this location and the neighbouring residential uses. This would also enable some industrial intensification to come forward and maximise the use of the land.

Any investment in change is unlikely to be a strong catalyst for transforming LBBD's economy and therefore it is sensible to leave this to the market in the medium to long term following potential relocations to the other industrial areas within the Borough or potentially elsewhere. Therefore, this site may come forward in a later wave of redevelopments.

The River Road SIL employment area currently has approximately 357,000 sqm of space (including 350,000 sqm of industrial space) on 94 ha of land. Through industrial intensification it is estimated that the same amount of employment and industrial floorspace can be accommodated on a smaller amount of industrial land totalling 60 ha, but with a higher plot ratio of 35%.

Essentially in this scenario, there would be a reduction in big shed employment floorspace with only smaller scale industrial uses and E(g) class uses to be retained or re-provided. Through efficient use of the land there would be scope for no reduction of industrial jobs.

Barking & the River Roding Area LSIS



Site Characteristics

Barking & the River Roding Area LSIS includes Gascoigne South and Hertford industrial designated LSISs. It includes 13.4 ha of land, which accounts for a minor share of the total employment land in LBBB. This land has 93,000 sqm of built floorspace, including 73,000 sqm of industrial space.

Gascoigne South includes two site areas located either side of Gascoigne Road. One is the Circular 13 Industrial Estate, which comprises high quality office, warehouse and distribution units. It is currently occupied by multiple occupiers including two cash and carry companies, with a good supply of on-site parking. The other is New England Industrial Estate, which comprises high quality, purpose-built warehousing and distribution units and also some smaller motor garages/services. The premises stock offers a mix of modern, secondary and tertiary quality space.

Hertford Road is a linear site with existing uses including a mix of E(g), B2 and B8 uses, many of which are occupied by services serving the central London economy. There is an office building with serviced offices provider Regus letting out small E(g) class spaces on flexible lease terms. There are also multiple trade counter occupiers, including Wickes and Selco. The stock is comparatively good quality secondary quality spaces and looks to be fully occupied. The quality of the surrounding environment is less so. Circulation routes on-site are free moving and there is ample parking provision.

Location and Accessibility

The Gascoigne business area is located off Gascoigne Road, 2.5km to the south of Barking Town Centre and the Hertford Road area is located to the north west of Barking Town Centre.

The sites benefit from a strategic location adjacent to an unconstrained junction onto the strategic east/west A13 radial route. Owing to the current convoluted configuration of the local roads surrounding Gascoigne South, it is difficult to access the A13 heading west into central London. The Hertford Road site is located on a junction of the strategic road network, the A406 North Circular Road, and is constrained by the River Roding to the west.

Generally, the area is identified with below average public transport access, with the following current and future PTAL ratings: 2018 =1b to 2; 2031 =1b to 2.

Market Conditions

Overall, Gascoigne South is a functional employment site in a strategic location. Although the units are fairly standard, the market demand is buoyant, and the sites are occupied. This reflects its proximity to the A13, although it is served by a limited number of bus routes and parking provisions. Also, the proposed regeneration of this area is likely to apply pressure on the employment land, since many of the existing uses will not be compatible or practical within the plans for the wider area regeneration of Gascoigne. There are no advertised available spaces on EGI, and the last deal recorded by EGI was in 2015, which secured a rent of £107/sqm. This rent is 10% below the Borough average.

Hertford Road is a well performing employment site that benefits from a very good strategic and central location. Occupancy levels are high throughout the Hertford Road employment area and only one office is currently advertised on EGI, reporting 122 sqm of available floorspace at an asking rent of £145/sqm. This rental level is significantly lower than office rents in Barking, reflecting its out of centre location. While the Regus building offers a large amount of small office space in a relatively modern building, the chargeable rents do not reflect a strong and/or lucrative demand. The last recorded industrial deal on EGI was in 2018 for a B2 units that secured a rent of £139/sqm. This rent is nearly 20% above the current Borough average.

Opportunities for Change

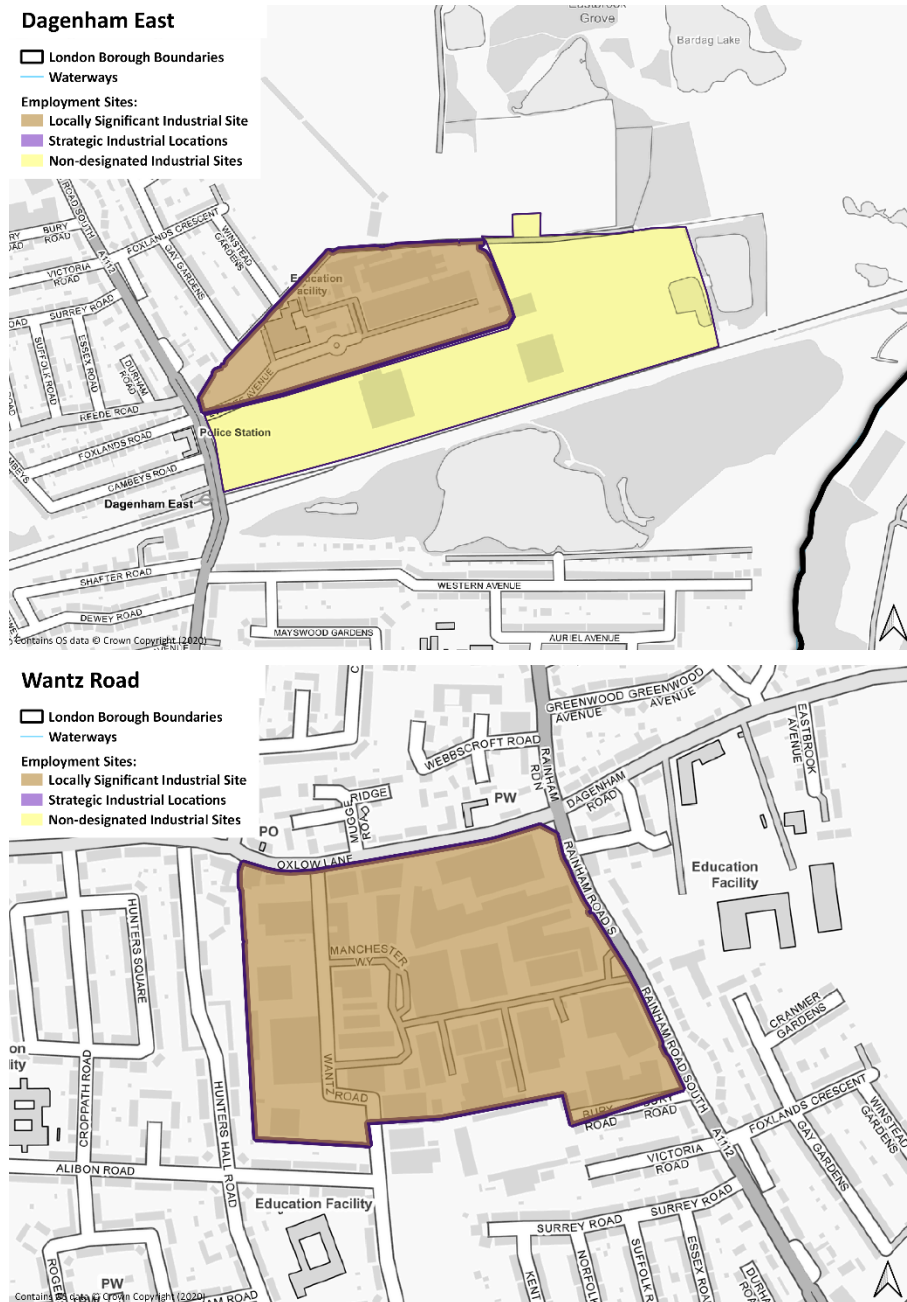
There have been long term proposals for regenerating the Gascoigne Estate and for housing development on former industrial sites along the River Roding, which are intending to support improved connections, movement and architecture within this locality. Three landowners are also promoting a mixed-use designation so that residential uses can be incorporated into the area, based on its close links to Barking Town Centre. To achieve this there would need to be some loss of the larger industrial (storage) units, possibly with them relocating to the Castle Green/Box Lane area and the Dagenham Dock SIL. Essentially in this scenario, there would be a reduction in big shed employment floorspace that would be relocated to the south of the Borough with improved access to the A13 heading westward.

The Borough Council wishes to provide more housing in the east of the Borough, along the River Roding, and some of this is likely to conflict with the B2 uses within the Hertford Road employment area. Consequently, there is scope to relocate and substitute the heavier industrial uses, allowing the potential growth of light industrial and office hybrid uses able to serve central London. This would secure better uses and facilitate meeting the growing land demand for office/hybrid spaces that will also be able to co-locate within the regeneration areas expanding along the River Roding.

In moving to transformational change and growth, the Barking & the River Roding Area LSIS is likely to see a reduction in industrial land area from 13.4 ha to 5 ha, and with a potential loss of about 55,000 sqm of floorspace through substitution of space to other industrial locations within LBBB, particularly further south of

the borough where sites are better served by the A13. Some of the industrial floorspace, which currently accounts for 73,000 sqm, would be substituted with E(g) class uses.

Dagenham East LSIS and NDIS



Site Characteristics

Dagenham East includes the Dagenham East designated LSIS and non-designated industrial site and the Wantz Road LSIS. It totals 36.6 ha of land, with almost 147,000 sqm of floorspace, including 140,000 sqm of industrial space.

Dagenham East is also known as Londoneast-uk Business and Technical Park and includes the former Sanofi site. The latter has been partially cleared and remediated, and a strategic mixed-use development and the Business East Science and Technology (BEST) Park is currently under construction. The remaining space is in use for

higher education wet-labs research, some for media and film studios, and some for generic standard offices/workspaces. It is all fairly good quality secondary space, with some recent new buildings.

The Wantz Road employment area, which includes the Wantz and Sterling Industrial Estates, is designated an LSIS. It covers around 15 ha with around 67,000 sqm of employment floorspace, largely in B2/B8 uses. Nearly all the premises are considered tertiary, and therefore may not be fully utilised or optimally able to be used.

Location and Accessibility

The Dagenham East site is located with access onto the A1112 the former Sanofi site is adjacent to Dagenham East underground station. It adjoins residential land uses and designated Green Belt to the north.

The Wantz Industrial Estate and Sterling Industrial Estate are situated to the west of Rainham Road (A1112) and to the south of Oxlow Lane. It is located 4km from the strategic road network (A12/A13) and less than 500 m from Dagenham East underground station. Its urban location provides accessibility to nearby services and local labour. Its urban location has good accessibility to nearby services and the local labour market.

Generally, the area is identified with below average public transport access, with the following current and future PTAL ratings: 2018 =2; 2021 =2; 2031 =2.

Market Conditions

The former Sanofi Aventis site was identified to be an R&D hub for the Borough, London and the Golden Triangle of the UK, providing over 200,000 sqm of space. This is because the site provides dry and wet laboratory space, sterile and temperature-controlled buildings, air handling systems, micro labs and associated offices. But the existing facilities are no longer likely to meet with the modern market standards for wet lab space. The site now forms part of the Business East Science and Technology (BEST) Park proposing 41,800 sqm of quality, specialised employment space including laboratory space, clean room manufacturing, office space and meeting and conferencing space. There is an existing studio space at the Dagenham East site that is being used for Made in Dagenham, along with small workspaces to attract media firms. This is likely to benefit from the Mayor's vision in the Draft London Plan, which is to transform the Thames Estuary into a hub for large-scale state-of-the-art production facilities with an initial focus on creative and cultural industries. Some other new build spaces have also been delivered, which currently remain available.

The Wantz Industrial Estate is a large multiple occupier employment site, comprising a range of E(g), B2, B8 and D1 use types. The Wantz Industrial Estate is a well performing employment site, but it is relatively isolated from the A12 and A13 strategic road network. Units are predominantly good quality and vary in size, while occupancy levels are low. Sterling Industrial Estate comprises a range of building types including several good quality, large industrial units but is currently under-utilised. There are also manufacturing, E(g) and D2 uses on site. Overall, these are well performing employment sites despite its relative isolation from the strategic road network. Occupancy levels are high and no industrial premises are currently being advertised on EGi. The last recorded industrial deals on EGi were for two premises in 2018, that secured average rents of £96 and £108 psm. This rent is below the current Borough average of £118 psm.

Opportunities for Change

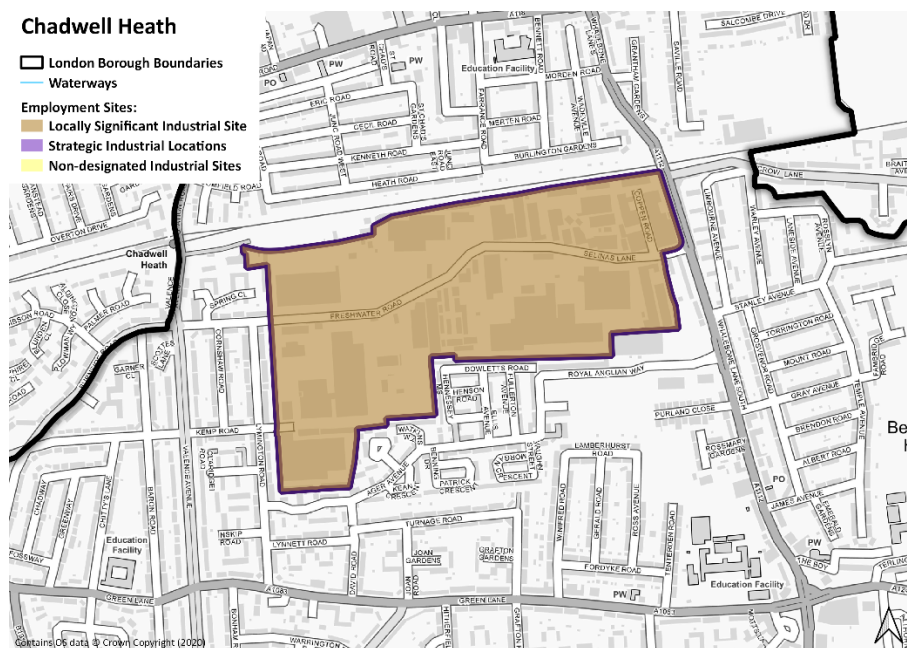
The Dagenham East employment area currently has 79,700 sqm of space, with a typical plot ratio of 40%. It is estimated that the site has the potential for employment expansion, achieving an additional 60,800 sqm of floorspace at an increased density with a plot ratio of 70%. To achieve transformation within Dagenham East, Be First will now oversee masterplanning and seek planning permission for the 8ha former Sanofi site to encourage its redevelopment as a major economic hub, including a new film studio, higher education and research facilities, and digital services including a data centre.

This legacy employment site provides unique employment use opportunities as part of wider regeneration, and should be a sector-restricted Growth Site for Film & Life Sciences. There is scope for an emerging cluster of R&D activity with UCL investing in a product testing facility for Person Environment Activity Research Laboratory (PEARL), which is due to open in the early-2020s.

Wantz Road LSIS has scope for an intensification strategy, so that only E(g) uses are retained or re-provided. The employment area currently has 67,100 sqm of space, with a plot ratio of 45%, which is slightly higher than typically found on industrial sites. It is suggested that through substitution of the B2/B8 uses with light industrial/hybrid uses, there is scope for more intensive development, and the potential for reducing the employment floorspace by around 41,000 sqm. Essentially there is scope to reduce employment floorspace without reducing the potential number of jobs being accommodated at Wantz Road. Given the existing uses provided local services, with good take up of the existing employment stock, the intensification of co-location of this site may happen in a later phase of redevelopments within LBBB, when development opportunities land may become even more scarce.

Overall, there could be a reduction of 7.5 ha of industrial land, and around 50,000 sqm of industrial floorspace, but with some growth in E(g) class uses, especially in the Dagenham East site area. Through efficient use of the industrial land and move towards more denser E(g) class uses, there would be scope for increasing jobs.

Chadwell Heath LSIS



Site Characteristics

Chadwell Heath is designated an LSIS. It covers around 30 ha with around 140,000 sqm of employment floorspace, including 130,000 of industrial floorspace within the Chadwell Heath Industrial Area concentrated around Freshwater Road LSIS.

The quality and scale of the stock at Chadwell Heath vary from large modern distribution units to small scale workshop type units, along with smaller amounts of office, sui-generis and D1 uses. The mix reflects its location within a predominately residential area and proximity to the strategic road network.

The Chadwell Heath Industrial Area has a mix of quality of units is bounded by the railway to the north and there is emerging pressure in the vicinity for residential uses. It has site frontage and easy circulation throughout the area.

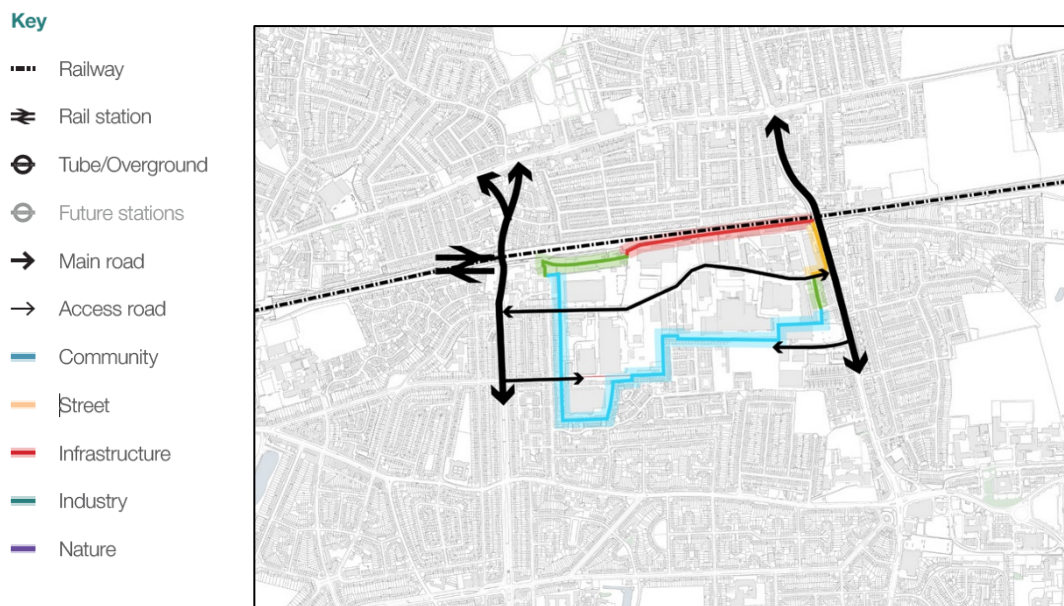
Location and Accessibility

Chadwell Heath, in the north of the Borough, is predominately residential in character with a substantial area of employment space in the Chadwell Heath Industrial Area around Freshwater Road/Selinas Lane, and bounded by the railway to the north. There are also some smaller employment spaces at Northgate Industrial Park located to the north of Marks Gate. Chadwell Heath also has a district town centre, which is detached from employment areas.

As shown in **Figure B5**, the main employment area is well served by road, with access to the A12 strategic radial east-west road, which is just 1 km away. The Chadwell Heath station is walking distance from the Chadwell Heath Industrial Site, offering radial east-west rail on the Elizabeth Line, which once opened will enhance the attraction of the area as a place to live and commute. The area will likely benefit from improved connectivity and journey times when the new Crossrail station becomes operational in 2021, leading to regeneration through residential delivery, public realm improvements and raising the scope to transform the local economy through provision of new types of employment space.

Chadwell Heath Industrial Area is identified with average to good public transport access, with the following current and future PTAL ratings: 2018 =2/3; 2031 =2/3/4.

Figure B5 Chadwell Heath employment area and surrounding accessibility



Source: Hawkins Brown for Be First

Market Conditions

Occupancy levels are high throughout Chadwell Heath, with EGI reporting 2,388 sqm of available floorspace, which is about 2% of the total stock within this area.

There are seven available units, totaling around 2,400 sqm. Their asking rents average around £106 psm, which is about 10% lower than the Borough average of £118 psm. Such cheaper rents may be encouraging lower dense uses within the area and will not encourage speculative development or improvement without a pre-let arrangement or subsidy.

Historically, the site has attracted big logistical sheds, trade counter activities and smaller local service industries which tend to be poor neighbours to encroaching new residential uses adjoining the site. Several existing industrial and box-box occupiers are keen to be re-provided in a comprehensive development scheme with other use being substituted to more strategically located employment areas like Dagenham Dock.

The main form of demand in this area is for new housing and potentially some smaller office/hybrid types of employment space units. Anecdotally, there is an emerging cluster and local skillset for establishing a gaming and entertainment activities cluster.

Opportunities for Change

The area will benefit from improved connectivity and journey times when the new Elizabeth Line station becomes operational in 2021. With this will be a strong demand for residential uses along with social infrastructure such as schools, community facilities and amenity spaces. The increased connectivity will also drive growth and inclusivity within the Borough, opening up new opportunities to the existing population and improving the areas' proposition from the perspective of potential new residents and occupiers.

To improve sustainability, economic growth and place transformation, the provision of more hybrid types of employment spaces should be encouraged to accommodate different uses/space types for modern growing sectors such as a gaming and entertainment centre. Such uses would be compatible with residential uses and support a more intelligent use of the land, with the potential to unlock significant redevelopment with scope for providing flexible space.

With such potential for transformative change, the bigger sheds and poorer neighbour industrial units would thrive better through substitution of premises from Chadwell Heath to the SILs in the south of the Borough that will have similar radial strategic route road access. Such locations include Box Lane and Dagenham Dock. The latter is more favourable since it is less threatened by residential development that may be incompatible with some of the big shed and poor neighbour uses currently located at Chadwell Heath.

The Chadwell Heath employment area currently has 138,000 sqm of space, with a typical plot ratio of 45%. It is estimated that some 1 ha, or 81,000 sqm of industrial space, could be release and substituted to better locations within LBBD. To achieve transformation within Chadwell Heath, it is important to encourage the provision of E(g) class and hybrid type spaces. So, the remaining 14.4 ha or 57,600 sqm of employment stock should be retained and intensively redeveloped into hybrid/office spaces that are compatible with future residential investments within the local area.

Essentially in this scenario, there would be a reduction in big shed employment floorspace with only smaller scale E(g) class uses to be retained or re-provided. Through efficient use of the land there would be scope for no reduction of industrial space and an increase in jobs.
