

Committee(s)	Dated:
Planning and Transportation Committee – For Decision Corporate Asset Sub Committee – For Information	15 December 2020 18 January 2021
Subject: London Wall Car Park – partial repurposing for last mile logistics hub	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	1, 5, 9, 11
Does this proposal require extra revenue and/or capital spending?	N
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Summary

This report recommends the repurposing of 39 spaces in London Wall Car Park for their use as a last mile logistics hub to be operated by Amazon Logistics.

The recently adopted 25-year Transport Strategy provides a strong mandate to deliver a radical freight programme. Last mile logistics hubs facilitate deliveries by cargo cycles and pedestrian porters, removing large numbers of delivery vehicles from City streets.

A review of parking data indicates that changing the use of these 39 spaces will leave an average of 9 free spaces in London Wall Car Park at peak use each day. On occasions where the car park is full, there is significant spare capacity in the immediate area at both Smithfield and NCP Aldersgate to support the small number of displaced vehicles.

From the hub, the operator would deliver parcels to customers using pedestrian porters and cargo cycles. The hub would allow the operator to complete all deliveries within a 2km radius without the need for motorised freight vehicles. This covers the whole of the City of London as well as other parts of central London. The hub would take up to 85 vehicles off the roads each day, which is the equivalent of up to 23,000 vehicle journeys taken off the roads of central London each year.

The hub would generate income from a presently underutilised asset.

Recommendation(s)

Members agree to:

- The repurposing of 39 spaces in London Wall Car Park for use as a last mile logistics hub, with responsibility for the facility remaining with the Department of the Built Environment.
- Lease the hub to Amazon Logistics subject to final agreement of the terms set out in the non-public appendix 1, with such terms to be agreed under delegated authority by the City Surveyor.
- Approve the necessary enabling works subject to planning approvals, the cost of which would be covered by the operator.

Main Report

Background

1. The City of London's 25-year Transport Strategy aims to ensure that the Square Mile is a healthy, attractive and easy place to live, work learn and visit. Over 54 proposals, the Strategy outlines how we achieve this in the short, medium and long term.
2. Amongst several commitments to reduce the impact of freight vehicles in the Square Mile, the Strategy targets to deliver three last mile logistics hubs by 2022 and a further two by 2025.
3. The draft City Plan 2036 states that underutilised spaces in car parks should be considered as a priority for use as last mile logistics hubs to support this ambition.
4. Of the City owned public car parks, London Wall Car Park has comparatively good access when considering the low height restrictions. Parcels into the site would be loaded from the service road that adjoins the main entrance to the car park.
5. We have done extensive soft market testing with the logistics industry to identify the feasibility of a logistics hub at this and other City Corporation assets. We have established credible demand for such spaces with demand significantly outstripping supply. Several major logistics operators and parcel delivery companies have expressed significant interest in sites across the Square Mile.
6. 10 operators were initially invited to bid for the space in February 2020. This was put on hold due to the COVID-19 coronavirus pandemic. Bidding was reopened in June 2020 and Amazon Logistics were the successful bidder.

Proposals

7. Appendix 2 illustrates the 39 spaces recommended for conversion to use as a logistics hub.
8. This location is proposed as it most effectively supports the continued operation of the car park. This site is preferable as it;
 - a. Does not disrupt access to the two nested car parks within the facility.
 - b. Does not disrupt the existing operation of the car park as both east and westbound exits are maintained. Whilst the main entrance will become entry only, almost all vehicles exit by the exit only ramps so it will not change effective operation of the car park.
 - c. Proximity to the western entrance is essential to facilitate secure and quick loading into the facility from the loading bay and service road. This is because large vehicles cannot enter the car park due to height restrictions.

Present and projected utilisation

9. London Wall Car Park has 195 car parking spaces, as well as space for motorcycle and bicycle parking.
10. Reviewing a neutral week of parking data each month from October 2018 – April 2020 there is an average of 48 spaces spare when the car park is at peak use.
11. Therefore, on average, each day there would still be an average of 9 spare spaces when at peak capacity with the logistics hub in place.
12. Of the 95 days analysed there would have been 25 occasions where the car park would have been 'over capacity'. This would typically have only been for one or two hours between 11am and 2pm on these days.
13. On the occasions in which the car park would have been over capacity, this was by an average of 10 vehicles. There is no discernible pattern to when or why the car park is busier on certain neutral weekdays. The potential loss of income from the occasions in which the car park would be over capacity is estimated at £5,000 a year.
14. Between May and September occupancy of the car park increased, before falling back to pre COVID-19 levels. It is not possible to determine exactly why this is the case, but it is likely a combination of factors including the easing of lockdown while public transport use was discouraged, and the free parking scheme for staff of St Bart's Hospital.

15. There is significant spare capacity at all other City of London and NCP car parks in the vicinity to accommodate these vehicles. For example, taking the same neutral week in September 2019, Smithfield has an average of 239 spare spaces at peak usage.
16. Additionally, NCP's Director of Real Estate has informed the City Corporation that their facility at Aldersgate has at least 500 spare spaces when at peak usage. This facility is the closest to London Wall, the two entrances only 250 metres apart.
17. Whilst London Wall is closer to full capacity than other City Corporation owned car parks it is being brought forward first as it is the strongest option for a last mile logistics hub. This is due to the shape of the facility lending itself well to use as a logistics hub, loading access from the main entrance and adjacent servicing road and the noted spare capacity within the immediate vicinity.

Logistics hubs

18. Last mile logistics hubs are an effective method of reducing and remodelling freight deliveries. They can be used as either micro-consolidation or micro-distribution hubs
 - Micro-consolidation hubs are where a single provider will deliver various organisations goods through the hub
 - Micro-distribution hubs are where a single carrier uses the hub to remode its own parcels
19. The soft market testing indicated that there was significantly more demand for use of the space by the freight industry as their own dedicated micro-distribution hub.
20. This also reduces the number of inbound vehicles to the site, ensuring that fewer, larger vehicles load the hub before moving the goods onto the cargo cycles or small, city appropriate electric vehicles. Therefore, this option is more effective in delivering the Transport Strategy as well as being commercially operative for the haulier.
21. Detail on the operation of the proposed logistics hub is included in non-public appendix 1.

Terms of Lease

22. The proposed terms of the lease are provided in non-public appendix 1.

23. The lease will include a requirement for an agreed strategy to monitor the impact of operation. This will help us understand the challenges and successes of non-motorised freight delivery in the Square Mile to best inform future approaches.

Corporate & Strategic Implications

Strategic implications

24. Approval of the recommendation supports delivery of Proposal 38 of the City Corporation's 25-year Transport Strategy. This is our commitment to reduce the number of motorised freight vehicles in the Square Mile and support deliveries outside of regular peak hours.
25. The recommendation supports outcomes 1, 5, 9 and 11 of the Corporate Plan.
26. The logistics hub infrastructure will be light touch so, if required, it can be removed to support schemes delivering Culture Mile and Centre for Music. This will be reflected in the contractual arrangement for releasing the land.

Financial implications

27. The rental income from the logistics hub will be accrued to the Department of the Built Environment's local risk budget.
28. Any loss in revenue from occasions identified in the occupancy analysis where demand for parking spaces would exceed future capacity would be offset by the income from the logistics hub.
29. The cost of any necessary enabling works to bring the space into use as a logistics hub will be paid for by the operator.

Property Implications

30. The City Surveyor has delegated authority to agree a lease at a market rent to the operator for the use of the 39 car spaces as a logistics hub, subject to obtaining planning consent, as detailed at appendix 2 and 3.
31. The City Surveyor is of the opinion that the rent offered represents market rent for the car parking spaces, the main heads of terms of the lease being detailed at the non-public appendix 1.
32. The enabling works to deliver the hub and future operation of the hub will require ongoing consultation with the City Surveyor about the ventilation, electrical, fire alarm and sprinkler works scheduled to commence in October 2021.

33. As the car parking spaces are not being declared surplus, and the proposal concerns a letting of property, the governance is under Standing Order 58, as opposed to Standing Order 56, and therefore the report will be presented to Corporate Asset Sub Committee for information only.

Legal implications

34. The London Wall car park land was acquired and is held for planning purposes. An interest in the land may be disposed of to secure the best use of the land. Disposal must be at best consideration¹.
35. It is considered that these criteria (to achieve best use of the land and best consideration) are satisfied.

Equalities implications

36. A Test of Relevance has identified the need for an in-depth Equalities Analysis (EA), should the proposals be taken forward.
37. The indicative layout of the hub proposes the removal of parking spaces and the relocation of disabled parking spaces, both of which could affect people with certain protected characteristics.
38. The EA will seek to inform the design of the hub and understand and mitigate any negative impacts prior to implementation. As the proposals are developed, these considerations will be further informed based on feedback from stakeholders.
39. The impact of activity from the operational hub on people with protected characteristics will be monitored through the agreed monitoring strategy.

Climate implications

40. The proposal would deliver against the following action to support the achievement of net zero as detailed in the City Corporation's Climate Action Strategy 2020 – 2027;
- Support organisations in the Square Mile to build circular, low-carbon and resilient supply chains
41. Amazon is committed to building a sustainable business for its customers and the planet, and last year co-founded The Climate Pledge – a commitment to be net zero carbon across its business by 2040, 10 years ahead of the Paris Agreement. The company is on a path to 100% renewable energy by 2025.

Next Steps

¹ S.233 Town and Country Planning Act 1990

42. Should the recommendation be approved, the Strategic Transportation team will work with the Chamberlains, City Surveyors, Comptrollers and the operator to release the space. This will include;
- a. Completing an Equalities Analysis of the proposed change of use of the area to inform the final design and any necessary mitigation
 - b. Finalising the terms of the lease and entering into an agreement with the operator
 - c. Applying for planning permission for the change of use of the space
 - d. Enabling works for the conversion of the space into the hub

Conclusion

43. The City of London's 25-year Transport Strategy commits to ensuring that the Square Mile is a healthy, attractive and easy place to live, work, learn and visit. Reducing the impact of motorised freight on City streets is fundamental to achieving this.
44. Approval of the recommendation will support the delivery of the City's first last mile logistics hub and generate revenue back to the City Corporation using a presently underutilised asset.

Appendices

Appendix 1 – Non-public appendix

Appendix 2 – Plan showing the 39 spaces to be repurposed

Appendix 3 – Indicative layout of the proposed logistics hub

Background Papers

Last Mile Logistics Hubs Update – May 2019

Freight Programme Update – December 2019

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