

Amazon DPO1 - The story so far

Introduction

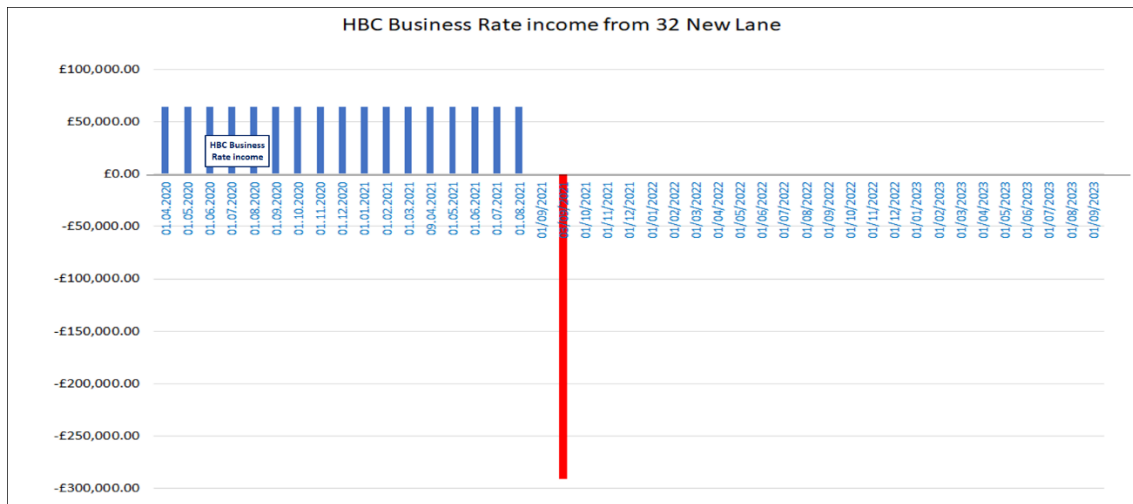
In November 2023, during a Community Liaison Panel meeting at Amazon's New Lane delivery station, Havant Borough Council's Leader dropped into conversation the potential closure of Crossland Drive for resurfacing. The reaction of the DPO1 site manager was immediate - surprised and concerned. Any unpredicted disruption of the main access road to the site presents him with a serious challenge to his responsibility for traffic generation at the site, including the scheduling and management of the timed 'waves' of Delivery Service Partner vans and Flex drivers inbound for loading and outbound with deliveries.

His concern should come as no surprise. In response to the Planning Committee's approval decision in February 2022, [HCS wrote](#): *"The 32 New Lane site may offer sufficient space for Amazon's planned growth, but that growth is contingent on clear and reliable access to the strategic road network. Despite the marketing spin in the developers' transport documentation, the proposed operation is already throttled by the local road network, a constraint that will impede business growth and customer satisfaction. Amazon, despite their scale, simply can't buy additional capacity on the local roads."*

Throughout 2021 and the early part of 2022, New Lane residents supported by Havant Civic Society ran a campaign to try and prevent the inappropriate redevelopment of the former Pfizer site at 32 New Lane, the gateway to the New Lane employment area. The focus of the campaign was that a massive traffic-generating operation was the wrong type of business to locate in an urban, residential environment, cut off from direct access to the strategic road network by a limited number of railway crossing bottlenecks. The location would have been better used for hosting high quality, sustainable manufacturing jobs offering career opportunities for a local multi-skilled workforce, twenty-first century assets with strong echoes of the New Lane employment area's nineteen-sixties origin.

While Havant Borough Council refused to publicly acknowledge the identity of the 'intended occupier', the architectural design of the proposed structures together with the ludicrous inconsistencies in the traffic generation profile which accompanied the planning application was soon identified as belonging to a new type of large delivery station being rolled out by Amazon UK Services across the UK.

Havant Borough Council (HBC) is certainly not the first Local Planning Authority (LPA) to have encountered an anonymised Amazon delivery station planning application, but it seems to be the first to have allowed what appears to be one of the largest developments of that type in the UK to be constructed in a completely inappropriate location. Amazon are well aware of this, the residents of Havant are well aware of this, but HBC and Hampshire County Council (HCC) as the Highway Authority, have yet to comment.



The residents' campaign was fruitless, the planning applications were approved and the loss of a prime employment site came at the cost of thousands of additional vehicle movements per day driving through the town centre streets. Amazon have been left with the challenge of how to make what should have been a flagship delivery station operate with anything close to its design capacity. Havant Borough Council's finances have also been impacted since no business rate income has been generated from the site since Pfizer moved out well over two years ago. It seems likely that when Amazon's business rate consultant, DWD, finally agrees a valuation with the Valuation Office Agency, it will be some way short of the previous valuation of £1,500,000 pa.

Amazon's 'new style' delivery station roll-out

Amazon's primary Portsmouth delivery station, DPO1, has been operating at 32 New Lane in Havant since the start of March 2023. Eight months later, according to the site manager, it is currently running at around 50% capacity. However, based on the results of FOI¹ requests made to Havant Borough Council, neither the site's Luxembourg-based owner nor the tenant, Amazon UK Services, has yet made any business rate payments to Havant Borough Council.

The '50% capacity' figure raises the question of quite how the operational 'capacity' of an Amazon delivery centre might be measured. Since we don't know the breakdown of Amazon's constantly evolving operational model, the only measure we can reliably use for the comparison of 'new-style' Amazon delivery stations is the van storage capacity included in the site design.

During analysis of the 32 New Lane planning application, HCS identified six other Amazon delivery stations in various states of planning, development or production in 2021. All share the same architectural 'fingerprint' of a large warehouse adjacent to a multi-storey 'van storage' unit and by reviewing the content of each planning application along other publicly available sources, it was possible to prove the sites' Amazon occupancy and comparative relative sizes.

¹ FOI – Freedom of Information Act

The table below shows the seven sites identified, in increasing order of capacity, with the New Lane facility in Havant the largest.

Location	Amazon site code	Designed van storage capacity
Tyseley (West Midlands)	DBI2	320
Yeovil (Somerset)	<i>tbc</i>	350
Bersted (West Sussex)	DBN5	512
Poole (Dorset)	DBH3	633
North Ferriby (South Yorkshire)	DHU2	667
Peterborough (Cambridgeshire)	DPE2	847
Havant (Hampshire)	DPO1	866

So how are these sites being used?

We can say for certain that they are not being used for the business operation described during the public planning consultation. That was for the *'delivery of small packages to local addresses'* using *'a wholly owned and branded van fleet'*, *'parked on site overnight'* with local drivers picking them up in the morning and dropping them back empty in the afternoon.

The currently observed operation covers the delivery of parcels for the greater Portsmouth area and beyond using third party Delivery Service Partner vans supplemented by spare-time gig-economy 'Amazon Flex' drivers using their own private cars and vans on zero-hours contract terms. In addition to the delivery of Amazon sourced products, these packages are also sourced from thousands of businesses country-wide sold and distributed through the Amazon Marketplace business model.

When the full UK-wide network of delivery stations is up and running, each site will become an integral node in a national distribution network supporting Amazon's own business operations, including its marketplace sellers and the larger retail and distribution third party clients for which contract terms have been agreed for its Amazon Shipping 'logistics-as-a-service' offering. B&Q is just one of several large UK companies already using Amazon Shipping as their logistics partner with products flagged as 'online only' ordered from the B&Q website being delivered locally by Amazon's delivery operation at New Lane.

At some point in the future, we might speculate that vans will indeed start to be parked up overnight on the van storage decks, branded according to Amazon's contract terms with their major clients. Some may well be wholly owned and Amazon branded, but others might well be branded for third party clients, for example 'B&Q' or perhaps even 'Royal Mail'.

Employment

During the public consultation period, the former HBC councillor responsible for the borough's economy and regeneration, talked up the prospect of 'a thousand quality jobs', adding credence to that number by citing his personal meetings with the 'intended occupier'. The reality, however, is rather different.

The UK-wide network of delivery stations will be managed and balanced dynamically so that temporary local employment or traffic constraints can be covered by simply switching delivery station routing at short notice. In the same way, by keeping permanent staffing to the bare minimum, temporary warehouse staff and third party delivery drivers can be stood down from any 'offline' delivery station at will.

The company's use of 'Amazon Flex' gig-economy drivers means that it can literally flex its delivery driver capacity at very short notice, there being far more drivers registered on the Amazon Flex app than there are 'blocks' of packages that the drivers can 'bid' for delivery. Active drivers are constantly monitored with their 'standings' adjusted based on tracked delivery performance and customer feedback so by maintaining a far larger pool of drivers than normally needed, there are always new drivers to call on when the standings of others drop below acceptable levels.

Many of these Flex drivers also work shifts for other gig-economy platforms, such as Deliveroo, Just Eat and Uber and the flexibility to pick and choose working hours across multiple platforms is attractive. It's neither high quality or nor secure employment but it seems to suit the expectations of many of today's younger workforce.

Planning history

During the pre-planning consultation, the scale and nature of the anonymous 'intended occupier' was deliberately down-played, with the emphasis being on a purely 'local operation' promising 'new jobs for local residents'. Instead of presenting the opportunity at a borough-wide Development Consultation Forum, the early consultation was carried out by a leaflet drop to selected local houses, numbering in the tens rather than hundreds. The leaflets referred the reader to a web page with limited additional information. At the time – and indeed still now – there appeared to be no credible commercial reason why an operator with the scale, ambition and growth potential of Amazon would consider the site commercially viable.

During the planning stages for the 32 New Lane development, the 'magic number' of traffic movements presented was '2,415' movements per day. That number was almost certainly chosen by the applicant at the planning application stage to be a reasonably close match with the 'maximum permitted use' figure set out in previous approvals for the site during Pfizer's occupancy. Vectos, Amazon's transport consultant, may simply have reverse engineered this 'acceptable daily total' to provide the basis for the transport documents which accompanied the planning application.

We actually have no idea what the expected traffic movements would be from any of these delivery stations, other than to say that the successful delivery stations will be those that

can best react, flex, grow and maximise efficient delivery throughput. Amazon have clearly planned this UK-wide network to support long-term strategic growth plans, details of which are commercially confidential.

When HBC approved the 32 New Lane planning application in September 2021, conditions were placed on the approval to enable HBC and HCC to enforce the stated traffic numbers and retain control over volume growth at the site. Amazon, unsurprisingly, pushed back on the grounds that these planning conditions rendered the site commercially unviable. The local planning agent then submitted a Section 73 planning application to have the conditions removed and the new application was again steered through the due process ignoring a high level of local objections before being rubber-stamped by a completely ineffective planning committee. The end result was that HBC secured the commitment of what they perceived as a 'blue-chip global company' to Havant, but in doing so, abdicated control over future site traffic growth to Amazon.

The daily traffic movement total of 2,415 has since been enshrined in the Operational Management Plan agreed between Havant Borough Council and the original landlord, Havant Property Investments LLP. That document is the sole reference source for the monitoring of traffic generation from the site and has not been reviewed and re-issued to reflect the real business operation at the site.

The [first traffic generation report](#) produced in accordance with requirements of the Operational Management Plan was requested by HBC in July, and while dated August, has only recently been made public. The content of the report contains a number of presentation flaws and data exclusions which render it unfit for the intended purpose of monitoring. These points have been detailed to HBC planning services, but despite follow-up emails, to date no response has been received.

Amazon delivery station business rate valuations

We have established that eight months after operations began, no business rates have been received from the 32 New Lane site. The reason is that no valuation has yet been set by the Valuation Office Agency, an arm of HM Revenue and Customs.

It is worth looking at the nearest equivalent site, DBH3 at Sterte Avenue West, Poole where Bournemouth Christchurch and Poole (BCP) Council appear to have been on top of things. The [planning application](#) for Amazon DBH3 was submitted in December 2020, just two months before Havant Borough Council had registered the application for DPO1. The Poole location is well placed with clear access to the strategic road network and the application proceeded smoothly with no objections. The Valuation Office Agency (VOA) set the first valuation for business rates at around the date that operations began in October 2022. It is interesting to note that the first valuation was low (£855,000), but the site was re-valued twice over the following ten months to its current value of £1,650,000. It is inconceivable that it was Amazon who drove this *increase* in valuation so our assumption is that BCP Council intervened to counter any pressure applied to the VOA by Amazon.

We have seen similar patterns repeated at other UK Amazon delivery station sites where multiple revaluations have occurred over a relatively short time. In some cases it can be seen that the van storage structures appear to be initially valued simply as staff car parking for a warehouse, rather than as an integral part of operational design. The van storage decks are uniquely designed and constructed to provide secure garaging for third party vehicle fleets together with an expandable EV charging capability. They are designed to integrate the business processes of 'receipt' and 'sorting' in the adjacent warehouse with 'overnight loading' of vehicles while charging on the parking deck. These are not simple staff and visitor car parking structures. Looking at the VOA valuation detail for these 'new style' Amazon delivery stations demonstrates that the description of the 'van storage structures' may not be consistently applied at initial valuation time across the various sites identified to date. As the VOA has become more aware, perhaps through engagement with the relevant LPA, the [valuation scheme](#) applied has been changed and the valuation increased. We would expect Amazon, through its retained planning and business rate consultants, e.g. DWD, to be applying influence on the VOA to try and manage down VOA valuations with the aim of minimising their client's business rate costs across the whole delivery station network.

The question has been raised as to what actions and escalations HBC has taken to get the current valuation stalemate resolved? Could it be that Amazon's agents are arguing that the DPO1 site is not commercially viable?

What makes Amazon DPO1 different?

Havant is a different story and the progress of Amazon DPO1 from planning through development and into operation has been fraught with avoidable difficulties. While Havant Civic Society and the New Lane Residents were fully justified in pursuing strong objections to the 32 New Lane planning application, it was apparent almost from the outset that the outcome was a done deal. The planning application was inevitably going to be approved and despite protestations to the contrary, it seems abundantly clear that HBC Officers and elected Cabinet members were well aware of the identity of the 'intended occupant' from the outset.

Whether all of the statutory consultees – for example Hampshire and Isle of Wight Fire and Rescue Services (HIWFRS) – were appraised of this important fact at the time of the initial consultation is unknown, just one of many questions to HBC which remain unanswered. In response to a request from HCS, the HIWFRS Fire Engineering & Consultations Team Manager commented that *"... the risks associated with such a building are very different to the risks associated with typical logistics buildings"*. Commenting on the fire service's response to the planning application, *"... the case officer included a request into this letter for the client to engage with us at an early stage so that any issues could be addressed. This request appears to have gone unanswered."* The HIWFRS response to HCS continues, *"I can confirm that HIWFRS were involved in a far more detailed consultation for this site prior to occupation."* Given the anonymity of the 'intended occupier', it is a matter of some concern that the fire service was only fully engaged prior to occupation, long after planning permission was granted.

HCS has raised many detailed questions, both during the planning process and since the decisions were taken, almost all of which have been studiously ignored. It has only been through a long-winded process, targeting inquiries under the Freedom of Information Act, that a picture has been pieced together. Even then, key email correspondence appears to have been conveniently deleted, apparently without available backups.

The selection of New Lane as an appropriate site for Amazon

Early in 2020, Amazon's planning agent (DWD) approached Portsmouth City Council (PCC) with a proposal to develop the city's main Amazon Delivery Station at Dunsbury Park in Havant. While the precedent set by approvals for Fatface and DPD demonstrated that the site was ideally placed for Amazon's high-volume distribution operation, Portsmouth City Council rejected the proposition on the grounds that low-skilled employment use would no longer be permitted on the site. The justification appears to have been the inclusion of Dunsbury Park as a potential tax site in the then-draft Solent LEP Freeport proposal, a decision which would have restricted future employment use at the site to business associated with the Solent Freeport.

Internal company sources have confirmed that having failed to secure five sites at the planning application stage over a three year period, Amazon had adopted a 'belt and braces' policy for critical delivery station planning applications, instructing agents to pursue fall-back options for each preferred delivery station location.

Havant Borough Council could have offered Brockhampton West, a site geographically better suited to the purpose and one which, at that time, was still [in HBC ownership](#). The sale of the Brockhampton West site to Clowes Development might have already been at an advanced stage but it is possible that the introduction of DWD's 'influential client' could have oiled the wheels of that deal. It is, however, also possible that the reason Brockhampton West was *not* offered to Amazon could be that Highways England had already expressed concerns over the capacity of the Bedhampton 'Teardrop' interchange.

Instead, DWD was offered the Pfizer site at 32 New Lane, a site manifestly unsuitable for the purpose. Whether that decision was influenced by HBC's existing relationship with Kingsbridge Estates from the company's redevelopment of the adjacent Butterick Site at 38 New Lane is a question that FOI requests have so far been unable to resolve. Given New Lane's location, remote from the strategic road network, it is significant that Highways England were *not* consulted since lack of strategic highways analysis was certainly advantageous to the safe passage of the Amazon planning application.

In July 2020, following a meeting with DWD, Havant Borough Council and planning consultants Luken Beck, Kingsbridge Estates and Bridges Fund Management set up a shell company, Havant Property Investments LLP (HPI), to cover the acquisition and redevelopment of the site. In November 2020, the Pfizer site was acquired by HPI and Luken Beck established a former employee as the independent planning agent for the development. The development proposal was then expanded into a planning application raised by Havant Property Investments with SMR and Vectos, Amazon's architects and transport consultants of choice.

Havant Borough Council then appears to have expedited the HPI planning application for 32 New Lane, enabling the integrity of the planning process to be undermined by Amazon's insistence of commercial confidentiality and ignoring the inconsistencies in the documentation provided. The application itself contained no data regarding employment and the transport documentation provided was riddled with inaccurate, incomplete and largely irrelevant content. It was clear to any interested observer that the site would probably be inappropriate for the then undisclosed business operation, lacking the direct access to the strategic road network necessary for 95% of the traffic generated.

32 New Lane business rate history

The New Lane site was acquired for £11 million in November 2020 by Havant Property Investments LLP and business rate payments of £65,000 per month continued to be paid until 1st August, 2021 by Pfizer as a sitting tenant. However, just four days after the HBC Planning Committee approved Havant Property Investment's planning application in September 2021, the site was removed from the business rate register by the Valuation Office Agency, triggering a refund payment to Pfizer by Havant Borough Council of £295,000.

Having owned the site for almost two years, free from business rate payments, Havant Property Investments sold the redeveloped and newly-leased Amazon 'DPO1' site on to LCN Capital Partners' Luxembourg portfolio for £39 million. HPI had owned the site and maintained it unaltered for fifteen months before demolition work began in February 2022.

Amazon has been fully operational at the 32 New Lane site since March 2023, however as of 22 November 2023, the site is not currently displayed by the VOA online search tool, leading to the assumption that has still not been valued by the agency.

The future

In the short to medium term, it is difficult to see how Amazon can get close to the design capacity of the New Lane site without significant infrastructure investment by the local highway authority. The site's location on the wrong side of the railway tracks, imbedded in an urban residential area with only indirect access to the strategic road network will conspire against growth. Short of the delivery of an appropriately-designed and long-overdue 'Southleigh Link' road between Bartons Road and the A27, that's unlikely to change.

Any hope for redevelopment of the 32 New Lane site for sustainable manufacturing industry has now been lost and it will probably remain as a performance challenge for the Amazon logistics network until such time as a viable replacement can be built somewhere further west along the M27 corridor. The last major redevelopment on that site by Pfizer lasted just five years before the company announced they would be moving on. The jury's out on how long Amazon will remain.

None of this should be a surprise. In March 2022, HCS raised the following question to the full Havant Borough Council:

“Could you please outline Havant Borough Council’s fall-back contingency plan for the removal of Freeport tax status from Dunsbury Park should delivery of the overall Freeport programme stall or be scaled back. Given continued uncertainty surrounding global, European and UK national economies, both the risk and the likelihood of occurrence of de-scoping should be considered ‘High’, and I would expect contingency plans to be in place to mitigate this risk.”

No satisfactory response was ever given.

The local authorities’ single-minded pursuit of *potential* business from the Solent Freeport without leaving any strategic contingency for *real* business opportunity at Dunsbury Park has certainly not been helpful. Had Amazon been allowed to locate to Dunsbury Park, the town, the company and the residents would all have been better off.

Compiled by Bob Comlay on behalf of Havant Civic Society and New Lane residents.

For further information, please contact info@havantcivicsociety.uk