

PPS4 – Planning for Sustainable Economic Growth
Practice Guide on Need, Impact & the Sequential Test

(Published December 2009)

Briefing Note for Accessible Retail Board

1. Background

- 1.1 In late 2007 a consultation draft on PPS4 was published and in mid 2008 a consultation draft on PPS6. Both were welcomed by AR as the former set out policies to give greater weight to securing economic benefits in assessing planning applications and preparing development plans and the latter advocated some, albeit limited, relaxation of the barriers placed in the way of out-of-centre retail development.
- 1.2 In mid 2009, a further consultation draft was published in which PPS4 and PPS6 (and certain other PPSs) were streamlined into one policy document. This document did not bring together the policy initiatives in the two former drafts, but significantly watered down the economic ‘gains’ in the 2007 document and reversed the limited improvement in flexibility proposed in the 2008 consultation.
- 1.3 AR responded to the 2009 draft criticising the loss of these gains and arguing for greater recognition to be given to (a) the benefits of out of centre retailing for increasing employment, competitiveness, economic growth and securing regeneration and (b) the need to provide for improvement to existing developments (qualitative) as well as demand for new floorspace (quantitative).
- 1.4 In support of these submissions, AR pointed out that there was no sound evidence base that out-of-centre retailing was inevitably a prime cause of damage to town centres and/or a driver of their decline. Rather, in some cases, it was the only way in which demand for retail space could be satisfied without damage resulting to town centres.
- 1.5 In December 2009, the new streamlined PPS4 was published together with guidance on the new approach to be adopted in assessing planning applications for town centre uses. This briefing note considers only PPS4 (the practice guidance is 100 pages and needs further examination).

2. Overarching Policy Aims of the New PPS4

- 2.1 The intention of Ministers is clearly set out in the statements made by John Healey (Housing & Planning) and Rosie Winterton (Local Government). The former said in launching the new PPS4:-

‘We need to protect and promote town centre economies’

‘The government is putting in place new protections for local shops...as many high streets have been hit by a double whammy of the downturn and out-of-town retail parks’

‘We are giving them (local councils) the expert tools they need to put the viability and vitality of town centres first in difficult market conditions. The new tools go further than ever before to protect town centres from the harm large out-of-town developments can have’

Rosie Winterton said:-

‘markets ... all over the country have had a tough time recently with competition from out-of-town supermarkets and discount stores’

- 2.2 In line with these sentiments, so far as out of centre retailing is concerned, the new PPS4 broadly (there are some positives - see below) maintains the policy reversions introduced into the mid 2009 consultation draft. The preference given to town centres is further strengthened with LPAs given more controls, including a new impact test, to refuse large developments that could harm town centres and small retailers.
- 2.3 The new impact test has two parts - a general test applying to all categories of economic development and a specific test to be applied to applications for town centre uses (classified as virtually all uses other than industrial and storage and distribution) on sites outside town centres and not in accordance with an up to date development plan. The concerns expressed by AR at the consultation stage as to how this latter test coupled with the sequential approach will work remain unanswered. The limited gain in flexibility for out of centre sites set out in the 2008 draft is largely abandoned.
- 2.4 Regarding promoting economic development, the new presumption in favour of sustainable economic development is retained and is positive, but taken as a whole, the policy guidance promoting economic development is significantly weaker than in the 2007 draft. There is no strong narrative emphasising the importance of economic development. Notwithstanding, therefore, the new presumption, real concern exists that the stringent tests introduced to further protect town centres will override it and prevent developments elsewhere delivering major economic and/or regeneration benefits from securing planning permission.
- 2.5 Overall, the resultant overall policy framework in PPS4 is even more focused on protecting town centres and provides a weak policy framework for realising the economic and social benefits to be gained from development generally and the retail warehouse and parks sector in particular.

3. Key Detailed Policies Most Relevant to AR

- 3.1 The new PPS4 removes the needs test and provides for the following:-

- Policy EC14.3 requires a sequential test (under Policy EC15) for main town centre uses not in an existing centre and not in accordance with an up to date development plan including extensions for retail/leisure development over 200 square metres
- Policy EC14.4 requires an impact assessment for retail/leisure developments over 2,500 square metres gross floorspace or any local floorspace threshold set under Policy EC3.1d not in an existing centre and not in accordance with an up to date development plan

(Policy EC3.1d allows LPAs and regional planning bodies to set floorspace thresholds for the scale of edge- of-town and out-of-centre development which must submit an impact assessment)

Comment: the setting of local thresholds could lead to even more restrictive policies militating against out-of-centre development

- Policy EC14.5 requires an impact test for retail/leisure development not in an existing town centre and not in accordance with an up to date development plan below 2,500 square metres gross where such developments are likely to have a significant impact on other centres
- Policy EC16.1 identifies the impacts that are to be assessed in considering planning applications for main town centre uses that are not in a centre and not in accordance with an up to date development plan. These are:-
 - i) impact on existing, committed and planned public and private investment in a centre or centres in the catchment area of the proposal
 - ii) impact on town centre vitality and viability including local consumer choice and the range/quality of the comparison and retail offer
 - iii) impact on sites outside the centre being developed in accordance with the development plan
 - iv) the impact of retail/leisure proposals on in-centre turnover and on trade in the wider area taking into account current and future (up to 5 years ahead) consumer expenditure capacity
 - v) if located on the edge of a town centre, whether the proposal is of appropriate scale (gross floorspace) in relation to the size of the centre and its role in the hierarchy
 - vi) any locally important impacts under policy EC13.1e.

Comment: The industry has generally welcomed the impact test but the reality is that it provides a very strong protected trading status for town centres. It is likely to stifle the achieving of economic and consumer benefits secured through improvements in efficiency and innovation driven by competition from other trading locations and formats.

- Policy EC17 states that planning applications for main town centre uses not in a town centre and not in an up to date development plan should be

refused where the sequential test has not been complied with and the proposal is likely to result in adverse impacts in terms of any one of the impacts set out in Policies EC10.2 and EC16.1

Comment: this does not allow positive impacts to be considered and weighed into a planning determination unless the sequential and impact tests are passed, thereby preventing the economic and regeneration benefits of schemes being used to justify the granting of planning permission

- Policy EC10.1 provides for an overall presumption in favour of development and Policy EC10.2 sets out the impact considerations to be taken into account and allows for any positive and negative impacts to be balanced against each other.

Comment: at first sight a positive, but much of its value may be negated by the application of Policy EC17.

5. What Next?

- 5.1 The guidance in the Advice document needs to be considered also and will be reported to the next Board.
- 5.2 The policy barriers to out-of-centre development are strengthened rather than made more flexible. This means AR's lobbying aim to achieve a more proportional and balanced policy framework which recognises the need to secure economic and regeneration benefits as well as ensuring town centres thrive, remains a high priority and that they are not *per se* threatened by out-of-centre retailing. The completion of Part 2 of the Town Centres Research Report will be an important part of this campaign. Completion of this work is on schedule to be ready in time for the Conference and a full report will be made to the next Board.
- 5.3 Given that most predictions are that the economy will struggle to grow for the foreseeable future and that new major town centre retail schemes are thought to be unlikely in the next 5-10 years, can the Treasury afford to pass up on any significant opportunities to grow employment and the economy. We should accept that DCLG is driven by a different agenda and redouble our efforts to show that our sector has the potential to contribute deliver significant growth and use this to persuade the Treasury to support a more flexible and balanced planning policy approach.
- 5.4 Given the further barriers erected against out-of-centre development applications, it is even more important for AR members to persuade LPAs to provide for sufficient new out-of-centre retail floorspace in their development plans.
- 5.5 On behalf of AR, I have been invited to attend a meeting at DCLG on 1 February to discuss PPS4 and the accompanying guidance and how it will be used. I will report back on this meeting at the next Board.

