



Richard Canovan  
Communities and Local Government  
Planning for Business Team  
Zone 1/13  
Eland House  
Bressenden Place  
London  
SW1E 5DU

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Dear Mr Canovan

**Consultation on a Planning Policy Statement 4: Planning for Prosperous Economies**

I write on behalf of Accessible Retail (AR), the organisation which represents the property interests of the retail warehouse and retail park sector of the retail industry. AR has over 900 members comprising owners/investors, developers, retailers and advisers, a membership which includes most of the major companies active in the sector. The majority of our member's interests are located in out-of-centre locations, but also, they have significant town centre interests.

The retail industry constitutes a major part of the UK economy accounting for some 8% of GDP and employing nearly 3 million people. Of this, retail warehouses and retail parks comprise some 30% of total retail spend from 3% of all retail outlets, with property assets worth some £15-20 billion pounds of which over half is owned by pension funds.

**General comments**

In recent consultations on planning policy, particularly the drafts of PPS6 (2004 and 2008), PPS4 (2007) and the Barker Report, AR has argued for greater weight to be placed on the need to help businesses achieve improved efficiency, competitiveness and economic growth. This strategic rebalancing of policy was sought because the preponderance of guidance seeks other outcomes which, coupled with the lack of specific policy guidance on economic development, has meant that building a sustainable economic future is not placed at the heart of the planning system's overarching policy aims. This imbalance has resulted in other missed opportunities including not taking full advantage of the contributions economic development can make to tackling social exclusion and the regeneration of deprived communities.

When, therefore, in late 2007, a new draft PPS4 was published for consultation aimed at ensuring the planning system takes into account what businesses need to remain competitive and responsive to the needs of customers, AR expressed its strong support for this objective. We recognised that the draft policies contained in the document began to redress the strategic imbalance in overall planning policy referred to above. Particularly welcome, was recognition that the planning system is a key lever contributing to improving productivity and the UK's long term economic performance and that its policies influence the drivers of productivity and facilitate employment. To further redress the policy imbalance, we urged the Government to place building a sustainable economic future at the heart of the planning system alongside other key aims in PPS1.

This more supportive approach to the promotion of economic development was maintained in the consultation draft of PPS6 published in July 2008. In outlining the proposed new impact test and the 'key' impacts to be considered, the draft recognised 'wider' impacts including effects on employment and regeneration and indicated that they could justify the granting of planning permission provided they were significant and outweighed other considerations. The effect of this important provision was to give local planning authorities policy backing to weigh economic considerations against other 'key' factors and exercise their discretion in favour of the former if they considered circumstances justified it.

Against this background, we welcome the opportunity to respond to this further consultation on policy guidance on planning for prosperous economies incorporating PPS4, PPS6 and PPS7 into a single streamlined document. The views we expressed on earlier consultations are even more pertinent now. The severity of the recession and its effect on the economy means that it has never been more important to promote sustainable economic development. A strong development industry has clear benefits for the wider economy playing an integral part in delivering economic growth through renewing and developing new business space and providing new homes to support an expanding population. It is important, therefore, that the new PPS4 continues to send a strong and unambiguous message to the planning system that sustainable economic development must be promoted.

However, whilst AR fully supports the aim of streamlining policy guidance by combining several PPSs, we are concerned that in bringing their various policies together into one document, the strategic rebalancing of policy in favour of economic development achieved in the previous drafts has been significantly weakened. In particular, it does not maintain the more supportive overall policy framework for economic development proposed in the 2007 draft PPS4, nor the discretion to make a wider based assessment of impact proposed in the July 2008 draft PPS6. In particular, the construction of policies [EC1](#), EC12, EC20 and EC21 needs to be re-examined.

## Detailed Questions

**Q1: Do you support the consolidation and streamlining of national planning policy on economic development into a single policy statement? What do you think are the costs and benefits of the approach?**

AR supports the principle of consolidation and streamlining of policy. Both generally and especially in the case of PPS6, policy guidance has become too lengthy and complex and all clients of participants in the planning system will benefit from more accessible streamlined guidance. However, we do not believe that the current draft achieves a suitably clear and streamlined message on economic development particularly relating to retail development.

**Q2: Does the draft statement include all that you understand to be policy from draft PPS4, PPS5, PPS6 and PPS7? If not, please be specific about what paragraphs in any of these documents you feel should be included in this document? Please can you explain why this should be the case?**

We believe that in consolidating a number of different policies from previous draft PPSs into one new document, the better balance between the promotion of economic development and other policy objectives achieved-promoted in the previous drafts of PPS4 and PPS6 has been significantly weakened and in some important respects become retrogressive. The current draft document fails to present a reasoned and balanced set of policies relating to "town centre uses". It appears to revert back to an unacceptable situation where the PPS6 related policies could be misinterpreted as merely a negative tool to prohibit appropriate and necessary investment outside town centres. It now contains much narrower and more restrictive policies focussed solely on in-favour-of town centre sites rather than a more balanced set of policies which should set an appropriate positive context for retail development generally within the context of promoting and the new opportunities to argue for greater weight to be given to economic development, improved competitiveness and regeneration. These more positive and balanced aims which were evident in the plan making and development control related policies determining planning applications in the previous two drafts have been largely removed.

In short, the new PPS no longer gives more measured consideration to forms of development located outside town centres although they are just as beneficial to the economy and can be promoted without prejudicing the continuation of a balanced "town centres first" policy approach. Indeed, it is arguable that a broader and more positive perspective on retail development locations they will may be becoming much more important to economic recovery. An emerging predicted outcome of the current deep recession is that major development schemes in town centres which typically take up to 10 years to bring to fruition are unlikely to be brought forward for the foreseeable future. Given this, the lack of support in the draft PPS for more deliverable forms of economic development and growth including both edge of centre and out of centre locations may prove damaging to securing economic recovery and regeneration aims. This damage could be ameliorated, at least in part, without sacrificing the town centre first policy by ensuring that the limited but

nevertheless progressive aims set out in the earlier two draft PPS'Gs are reflected fully in the new one.

**Q3: Other than where specifically highlighted, the process of streamlining policy text previously in draft PPS4, PPS6 and PPS7 to focus on policy rather than guidance is not intended to result in a change in policy. Are there any policies which you feel have changed in this process? Please tell us what you think has changed and provide alternative wording that addresses your concerns.**

See our answer to question 7.

**Q4: Does the structure of the draft statement make it easier to understand what is required at different stages in the planning process? Are there any improvements you would like to see made?**

The structure of the draft PPS is clear. However, as already commented, the more comprehensive economic policies in the 2007 draft PPS4 have been largely subordinated to a town centre first policy now even more unbalanced and potentially restrictive than that set out in the 2008 draft PPS6. The new PPS should be amended to promote the benefits of economic development as was the case in the 2007 draft PPS4. It should start with a comprehensive generic framework of cross industry/sectoral statements identifying the benefits of promoting economic development followed by specific policies to achieve the aims of growing the economy and employment, increasing business efficiency and effectiveness, providing better consumer choice and promoting competitiveness. Only against this wider background should policies concerned with individual industries, sectors and/or spatial location preferences such as town centres be set. If there are competing policy choices (and this will nearly always be the case), this structure would enable them to be weighed against each other within the context of prevailing economic, market and social needs.

The plan making policies relating to “town centre uses” should be redrafted to present a more balanced approach. For example, Policy EC1.3 should emphasis that in LPA’s need to assess and understand the role and function of all established retail locations and seek to encourage appropriate investment in all locations within the general context of the town centres first policy approach.

Existing out of centre retail development performs an important function in meeting economic, social and sustainable planning objectives. It should not be automatically viewed negatively and as a “threat” to the town centres.

Plan making polices relating to need, sequential approach and impact should make it clear that the “town centres first” policy approach is intended to set a series of broad considerations relating to the location of retail development within the context of promoting economic development, competition, choice, sustainability, social inclusion and vital and viable town centres. The Plan Making policies should not be a blunt set of town centre policies that can be used to prohibit appropriate investment outside town centres.

Within this context it is inexplicable as to why Policy EC1.4(5) seeks to limit the consideration of regeneration and employment benefits in assessing qualitative needs for retail and leisure uses. This seems to be fundamentally at odds with the intention to promote economic development.

**Q5: Do you think the restructuring of the impact test from the consultation draft of PPS6 achieves the right balance and is it robust enough to thoroughly test the positive and negative impacts of development outside town centres?**

It is important that the draft PPS should seek to promote healthy competition between areas. More should be done to include in the new impact test considerations of competition and consumer choice. Consumer choice is mentioned in EC20.3(g) but not competition and the reference to consumer choice only relates to town centres and not to choice involving other locations.

The policies do not assist LPAs with a proper understanding of the need to plan positively for investment in all retail locations. As a minimum, LPAs need to understand that qualitative improvements at established out of centre retail locations can be promoted and accepted within the context of the town centres first policy approach, e.g. planning for and permitting mezzanine floor space and additional ranges of goods to be sold which do not significantly change the overall scale and character of an established out of centre location should be considered positively particularly where this will allow voids to be filled and jobs to be created.

**Q6: Should more be done to give priority in forward planning and development management to strategically important sectors such as those that support a move towards a low carbon economy, and if so, what should this be?**

No comment.

**Q7: Is the approach to the determination of planning applications set out in policy EC21 proportionate?**

Policies EC12, EC20 and EC21 in the new PPS are very restrictive and effectively remove the flexibility given to applicants in the 2008 draft PPS6 to demonstrate the wider economic, social and environmental benefits of applications that are town centre uses but are not located in the town centre nor allocated in the development plan. It conflicts also with the rationale for moving from the needs test to an impact test set out in the July 2008 draft PPS6 which argued that ‘the needs test can be anti-competitive, and can unintentionally limit choice and in turn lead to higher prices because it can restrict the development of new stores beyond the town centre that could enter the market without harming the town centre itself. It also protects existing retailers from competition and can be misused to restrict market entry by competitors’.

In effect, policies EC20 and EC21 together act as ‘gateways’ preventing potentially beneficial applications coming forward and thereby taking away from applicants their ability to advance the wider economic, social and environmental benefits of a proposed development. EC21.1(1) says that failure to comply with the sequential approach (EC19) should result in refusal and EC21.1(2) that refusal should follow if

there would be significant adverse impacts in terms of any key impacts. Moreover the key impacts identified cover a far greater range of considerations than the traditional concept of retail impact including mitigation or adaptation to climate change, with the latter leading to refusal if the carbon balance sheet of a proposal would be significantly adverse.

Only if an application passes these two absolute hurdles does policy EC21.1(3) provide that an application might be considered favourably if any adverse impacts under EC20.1(3), the impact assessment, are “not significant” and will be “outweighed by significant wider economic, social and environmental benefits arising from the proposal under EC20.1(4) or other material considerations.” So, only when adverse key impacts are insignificant can wider economic, social and environmental factors be considered and then only if they themselves are considered significant.

This is clearly at odds with the previous draft PPS6 needs test which allowed greater scope for an applicant to advance wider economic, social and environmental arguments in favour of their application. Given that question 3 says that the streamlining of the three PPGs is not intended to result in changes in policy other than where highlighted (where this is meant to apply is not clear from the consultation draft), AR believes that the policies EC20 and EC 21 should be amended so as to return policy to the flexibility provided in the July 2008 draft PPS6.

**Q8: Do you think the requirement for regional spatial strategies to set targets for employment land targets for each district in their area should be imposed? Please give reasons for your view.**

Yes, provided that they are flexible enough to react to changing market conditions including accommodating new economic sectors, a 15-20 year planning cycle, and the needs of all existing employment sectors are taken into account including retail. Although existing warehouse parks are an established sector of the retail industry and a key contributor to economic growth and improved competitiveness, the sector has not been permitted to grow at a reasonable rate, thereby weakening the major contribution it makes to the economy in terms of local and national job creation and growth in GDP. Similarly, the absence of policy support for existing warehouse stores and parks has hindered the ability of the sector to meet changing customer needs by making qualitative improvements to current buildings or through modest extensions. Recognition in spatial strategies, therefore, that existing sectors and key distributional networks should be supported and protected, that different locational requirements and changing spatial working patterns of businesses should be taken into account and that many economic markets operate at the sub-regional or regional level, would be a key advance in promoting economic development.

### **Questions 9-11**

No comment. These questions are concerned with planning policy issues which are not relevant to the retail parks and warehouses sector of the retail industry.

If you wish to discuss the issues raised in our response, please contact:

William A. McKee

Chief Executive

Accessible Retail  
Orb Support Ltd  
PO Box 164  
Saffron Walden  
Essex  
CB10 9AA

mobile 07711 069 140  
email [william.mckee@btclick.com](mailto:william.mckee@btclick.com)