



Planning shapes the places where people live and work and the country we live in. It plays a key role in supporting the Government's wider social, environmental and economic objectives and for sustainable communities.

## Planning Policy Statement: Consultation

Consultation paper on a  
new Planning Policy Statement 4:  
Planning for Prosperous Economies





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

May 2009

Department for Communities and Local Government

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## Ministerial Foreword by the Right Hon Margaret Beckett, MP Minister for Housing and Planning

In uncertain economic times, the planning system needs to do all that it can to support the economic aspirations of our communities, whether in cities, market towns or rural villages. For the first time, this comprehensive new draft statement brings together in one place all of the Government's key planning policies relating to the economy and streamlines and simplifies policy to focus on what is important to allow the economy to grow in a sustainable manner. It sends a clear signal that we are determined to ensure the long term economic success of our communities with a coherent and modern set of policies designed to meet the challenges of global competition for jobs and investment and rapid advances in technology and working patterns. Our policies will also help local communities to grasp the economic opportunities arising from the global shift towards low carbon products and services.

Planning has a key role to play in influencing the supply of land, enhancing our town centres and facilitating economic growth. The recent changes in economic circumstances have highlighted the continuing need for the planning system to be flexible and responsive. In addition, regions, local authorities and businesses need to work together to understand the economic challenges they face and to exploit the opportunities they identify.

At the heart of our policy is the requirement that development plans need to have clear, proactive, proportionate and flexible policies aimed at supporting the start up and growth of businesses, attracting inward investment and increasing employment, particularly in deprived areas. It emphasises that we need also to protect existing investment in our cities and towns by safeguarding the town centres which are the bedrock of our economic future. Our urban centres are not only the engine of the country's economy – and through its urban renaissance policy this Government has strengthened the future of many such centres after years of decline – but are also the hub of community life, helping to stitch together communities through cultural, leisure, social and educational facilities. This policy statement continues to put town centres first.

We are better informed about the scale and nature of economic activity in a rural context than ever before. Rather than being the poor relation to urban areas in terms of productivity, rural areas are in fact major contributors to the national economy on a par with all urban areas outside of London. The evidence also shows clearly that there is no such thing as a separate 'rural economy' – the economies in rural and urban areas are similar, in terms of the mix of businesses and employment and are closely inter-related.

Through this revised policy we are therefore also implementing a number of recommendations arising from Matthew Taylor MP's review of rural housing and economic development. The Government agrees with his key finding that we need a more subtle appreciation of what makes rural communities sustainable, and that rural communities, as much as urban areas need to plan for change in the face of new economic, environmental and demographic pressures. In bringing together our policies on economic development in town and country into one policy statement we are emphasising in the rural context what is taken for granted in urban contexts: that economic sustainability is a prerequisite for social and environmental sustainability.

Similarly, we are responding to the thrust of the recommendations made in the advice provided to the Prime Minister by Stuart Burgess, the Rural Advocate. We see both the Rural Advocate's report and the Taylor Review as important elements of a growing consensus which recognises the economic opportunities offered by rural areas and the contribution they make to the economy at large.

The Government also committed in the Planning white paper *Planning for a sustainable future* to make its planning policies clearer, more concise, more businesslike and easier to use. Dave Pretty and Jo Killian's recent review of the development control process has also emphasised the need for this change to reduce burdens and speed the planning process. We need to do everything we can to streamline the system to ensure it is not an obstacle to economic recovery. So while it strengthens our successful policies on matters such as safeguarding town centres, and stands firm on the importance of design quality and sustainability, this draft statement is substantially shorter than its predecessor statements.

I look forward to hearing your views on this new draft statement.

A handwritten signature in black ink, reading "Margaret Beckwith". The signature is written in a cursive, slightly slanted style.



## Summary Form

### SCOPE OF THE CONSULTATION

<b>Topic of this consultation:</b>	Comprehensive new draft planning policy statement which brings together in one place all of the Government's key planning policies relating to the economy. Aim is to create a streamlined, coherent set of planning policies designed to meet the economic challenges we face today and over the longer term.
<b>Scope of this consultation:</b>	Purpose of consultation is get stakeholders views on the structure and format of the new streamlined approach to policy proposed. In addition, responses are sought in respect to the policy changes proposed, such as those relating to the rural economy (in response to the Taylor review of rural housing and economic development).
<b>Geographical scope:</b>	England
<b>Impact Assessment:</b>	See Part 3 of the consultation paper.

### BASIC INFORMATION

<b>To:</b>	Local planning authorities, regional planning bodies, businesses of all sizes, developers and the general public
<b>Body/bodies responsible for the consultation:</b>	Planning, Economic and Social Policy Division, Planning Directorate, Communities and Local Government
<b>Duration:</b>	12 week public consultation
<b>Enquiries:</b>	Richard Canovan Communities and Local Government Planning for Business Team Zone 1/J3 Eland House Bressenden Place LONDON, SW1E 5DU  Telephone: 020 7944 3956 Fax: 020 7944 3949  Or by e-mail: <a href="mailto:economicdevelopment@communities.gsi.gov.uk">economicdevelopment@communities.gsi.gov.uk</a>
<b>How to respond:</b>	To either of the above addresses

<b>Additional ways to become involved:</b>	In order to engage with our key stakeholders, we will be holding a series of events during the consultation period to discuss the draft PPS and the accompanying guidance. The Department and the government offices for the regions also periodically give talks and presentations at relevant conferences and meetings.
<b>After the consultation:</b>	<p>We shall take into account the responses to this consultation in implementing our proposals and these will inform any final policy revisions later in 2009.</p> <p>We anticipate there will be a widespread 'roll-out' of any revised policy with a wide range of stakeholders, including business, regions and local authorities, to build capacity and promote the robust implementation of the policy and any accompanying guidance.</p>
<b>Compliance with the Code of Practice on Consultation:</b>	The consultation complies with the Code.

## BACKGROUND

<b>Getting to this stage:</b>	<p>Since the Planning white paper <i>Planning for a Sustainable Future</i> was published in 2007 the Government has been considering its strategy for delivering its commitment to review the planning policy framework. It published a new draft planning policy statement on sustainable economic development in December 2007 to replace PPG4, and proposed changes to PPS6 in July 2008. Approximately 320 and 370 responses were received to these consultation documents respectively.</p> <p>Related existing policy is set out in <i>PPG 4: Industrial and Commercial Development and Small Firms (1992)</i> <i>PPG 5: Simplified Planning Zones (1992)</i>; <i>PPS 6: Planning for Town Centres (2005)</i> and <i>PPS 7: Sustainable Development in Rural Areas (2004)</i>.</p>
<b>Previous engagement:</b>	The Government has already consulted on a draft PPS4 in December 2007 and on proposed changes to PPS6 in July 2008. During both consultation periods, a series of events were arranged to engage with key stakeholders.

## Part 1: Introduction

In an increasingly competitive and knowledge-driven global economy, the Government's approach to ensuring the UK's long-term economic performance and resilience to economic shocks is based on maintaining macroeconomic stability, ensuring employment opportunity for all, and using microeconomic reforms to tackle market failures around the drivers of productivity – investment, innovation, competition, skills and enterprise.

The planning system is a key lever the Government has to contribute towards improving economic performance. The planning system affects productivity<sup>1</sup> and employment – the two drivers of economic growth – and helps to deliver wider economic and social objectives such as the regeneration of deprived areas and the provision of new housing.

The planning system affects investment by providing certainty about the uses land can be put to and by coordinating the pattern of infrastructure needed to support development. When firms and individuals are sure of the future use of their own and surrounding land then they are more likely to commit to investment. Well planned infrastructure improves productivity, for example by cutting journey times and so increasing labour mobility, and creates environments in which people want to live and work. Competition and enterprise can also be improved when new firms are able to enter markets and challenge existing firms. However, whilst planning policy can positively influence the drivers of productivity, and facilitate employment growth, if it is not based on an understanding of the needs of business it can also represent a barrier to employment and productivity growth. It is not the role of the planning system to restrict competition, preserve existing individual commercial interests or to prevent innovation.

Economic growth in both urban and rural areas generates wealth and raises living standards. Cities and towns are key economic drivers for the local, regional and national economy because of their scale and density of development, as well as the accessibility to labour, support services, infrastructure and markets that they offer. These characteristics facilitate productivity gains and enhance economic performance. Vital and viable town centres, as well as being key drivers of our economy, are also at the hearts of sustainable communities.

Rural areas also have an important contribution to make to the regional and national economy. Evidence<sup>2</sup> shows that rather than being the poor relation to urban areas in terms of productivity, rural areas are in fact major contributors to the national economy on a par with all urban areas outside of London. The evidence also shows clearly that there is no such thing as a separate 'rural economy' – the economies in rural and urban areas are similar, in terms of the mix of businesses and employment and are closely inter-related. Proper planning for economic development of an appropriate scale in rural areas can ensure that communities can prosper and thrive whilst ensuring continued protection for the countryside. Subject to the need to ensure robust protection of the countryside, in principle, all types of business and enterprise can be appropriate for rural areas.

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<sup>1</sup> See *Productivity in the UK 7: Securing long-term prosperity* published by HMT December 2006

<sup>2</sup> The Government's response to the Rural Advocate. <http://defraweb/rural/pdfs/voice/rural-advocate-response.pdf>

This consultation paper seeks comments on a new draft planning policy statement: *planning for prosperous economies* (herein after referred to as the draft PPS). This planning policy statement sets out the Government's comprehensive policy framework for planning for sustainable economic development in urban and rural areas including town centres.

This draft PPS will achieve three key outcomes:

- update draft Planning Policy Statement 4: *Sustainable economic development*
- update draft Planning Policy Statement 6: *Town centres* and
- consolidate national planning policy on economic development into a single streamlined planning policy statement

In its final form, this PPS will replace *Planning Policy Guidance Note 4: Industrial, commercial development and small firms (PPG4, 1992)*, *Planning Policy Guidance Note 5: Simplified Planning Zones (PPG5, 1992)* which will be republished as practice guidance and *Planning Policy Statement 6: Planning for town centres (PPS6, 2005)*. It will also replace the objectives (i-iv) and paragraphs 1 (ii-vi), 2, 3, 4, 5, 6, 7, 16 (i-ii), 17, 18, 19, 22, 30 (i-ii), 32, 34 (i-ii), 35, 36, 37, 38, 39, 40 of *Planning Policy Statement 7: Sustainable development in rural areas (PPS7)* and paragraphs 53, 54 and Annex D of *Planning Policy Guidance Note 13: Transport*.

Whilst we previously consulted on revisions to PPS4 and PPS6 as separate documents this comprehensive new statement, by bringing together in one place all of the Government's key planning policies relating to the economy, creates a coherent and modern set of policies designed to meet the economic challenges we face, both short and long term. By presenting policies for economic development in an integrated way, this statement will lead to greater certainty for business, particularly in terms of speedier decision taking in respect to planning applications, which in turn should result in fewer appeals and challenges. The statement sets out national policy only, with good practice guidance to be published separately.

The structure of the draft reflects the recommendations of the Killian Pretty Review aimed at reducing regulatory burdens and is drafted with users in mind. For example, policy directed at plan making and decision taking is clearly separated and the draft statement is substantially shorter than its predecessor statements.

Consolidating and streamlining national policy on economic development is a key commitment of the Planning white paper 2007. In addition, we have also sought to devolve responsibility for policy making to the appropriate level of government, to be proportionate in what is expected (particularly in terms of evidence gathering), and to only use planning where it is an effective tool for delivery.

The main purpose of this draft policy statement is to underline the need for regional planning bodies and local planning authorities, within the context of delivering sustainable development, to plan positively and proactively for economic development in their areas. With this in mind, it emphasises the contribution that planning can make to help deliver jobs, investment and improved productivity.

The policies in the draft PPS are an important part of ensuring the planning system can help the economy prepare for the recovery. The policies emphasise the need for local authorities to have proactive and flexible development plan policies aimed at supporting the start up and growth of businesses, attracting inward investment and increasing employment, particularly in deprived areas, and requires decision makers to weigh the economic costs and benefits of proposed developments alongside the social and environmental costs and benefits. They emphasise the importance of our cities and towns by safeguarding the town centres which are key drivers of the economy and the centre of community life.

The policies in this draft statement implement a number of recommendations arising from the Matthew Taylor review of rural housing and economic development to ensure that rural communities can take advantage of economic opportunities and new ways of working whilst ensuring continued strong protection for the countryside.

This statement, when published in its final form, should be taken into account by local planning authorities and regional planning bodies in the preparation of their local development documents and regional spatial strategies (this includes the Mayor of London in preparing the Spatial Development Strategy for Greater London). They will need to consider the extent to which emerging local development documents and regional spatial strategies should have regard to the policies in the final PPS but they should not, in seeking to reflect new policies in plans, delay the plan-making process. The policies in the final PPS may also be material, depending on the particular circumstances of the case, to decisions on individual planning applications and appeals.

The draft statement does not include any specific proposals for a 'competition test' that was recommended by the Competition Commission. In June 2008, Tesco PLC challenged the Commission's recommendation in the Competition Appeal Tribunal. In March 2009, the application by Tesco was allowed and the recommendation quashed. The Tribunal unanimously concluded that the Commission, in its Report, had failed properly to consider certain matters which were relevant to its recommendation that the competition test be imposed as part of a package of remedies to address the adverse effect on competition identified by the Commission. The Government will await the Competition Commission's reconsideration of the issue before deciding how to proceed.

### **The consultation stage impact assessment**

The consultation stage impact assessment (IA) in Part 3 of this statement makes a provisional assessment of the impact of the policy in terms of the costs, benefits and risks of the new PPS. Your views are welcomed on any aspect of the IA and in particular the costs and benefits of the proposed policies.

## Consultation arrangements

We look forward to receiving comments and views on the draft PPS and the consultation stage IA. Responses are invited by 28 July 2009. You may wish to use the form in Part 4 in making your response. This sets out the questions on which we would like your views.

Responses and any questions about the consultation should be directed to:

Richard Canovan  
Communities and Local Government  
Planning for Business Team  
Zone 1/J3  
Eland House  
Bressenden Place  
LONDON, SW1E 5DU

Telephone: 020 7944 3956

Fax: 020 7944 3949

Or by e-mail: [economicdevelopment@communities.gsi.gov.uk](mailto:economicdevelopment@communities.gsi.gov.uk)

It would be helpful if responses from representative groups could give a summary of the people and organisations they represent.

We intend to publish a summary of responses to this consultation by autumn 2009 on the Communities and Local Government website. Paper copies of the summary will be available on request.

All responses will be made public unless confidentiality is specifically asked for. However, correspondents should be aware that confidentiality cannot always be guaranteed, for example where a response includes evidence of a serious crime. Any automatic confidentiality disclaimer generated by your organisation's IT system will not be respected unless you specifically include a request to the contrary in the main text of your response.

This consultation is being conducted in accordance with the *Government's Code of Practice on Written Consultation*. The criteria are reproduced in Part 5. Any procedural observations or complaints about the consultation exercise should be sent to:

Communities and Local Government Consultation Co-ordinator  
Zone 6/H10  
Eland House  
London SW1E 5DU

or by e-mail to [consultationcoordinator@communities.gsi.gov.uk](mailto:consultationcoordinator@communities.gsi.gov.uk)

## PART 2: Consultation Draft

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## PLANNING FOR PROSPEROUS ECONOMIES

### INTRODUCTION

1. Planning Policy Statements (PPS) set out the Government's national policies on different aspects of planning in England. This PPS sets out the Government's comprehensive policy framework for planning for sustainable economic growth in urban and rural areas including town centres, providing an integrated framework for all types of economic development. These policies complement, but do not replace or override, other national planning policies and should be read in conjunction with other relevant statements of national planning policy. In its final form this PPS will replace *Planning Policy Guidance Note 4: Industrial, commercial development and small firms (PPG4, 1992)*, *Planning Policy Guidance Note 5: Simplified Planning Zones (PPG5, 1992)* which will be republished as practice guidance and *Planning Policy Statement 6: Planning for town centres (PPS6, 2005)*. It will also replace the objectives (i-iv) and paragraphs 1 (ii-vi), 2, 3, 4, 5, 6, 7, 16 (i-ii), 17, 18, 19, 22, 30 (i-ii), 32, 34 (i-ii), 35, 36, 37, 38, 39, 40 of *Planning Policy Statement 7: Sustainable development in rural areas (PPS7)* and paragraphs 53, 54 and Annex D of *Planning Policy Guidance Note 13: Transport*. Guidance to help practitioners implement these policies will be published separately<sup>3</sup>.
2. The policies set out in this PPS should be taken into account by regional planning bodies in the preparation of revisions to regional spatial strategies, by the Mayor of London in relation to the spatial development strategy for London, and by local planning authorities in the preparation of local development documents. In considering proposals for development, before development plans can be reviewed to reflect this planning policy statement, local planning authorities should have regard to the policies in this PPS as material considerations which may supersede the relevant policies in their development plan.

<sup>3</sup> Guidance and advice published separately by the Government which is central to implementing this planning policy statement includes:

Planning for Town Centres: Practice Guide (forthcoming)  
 Planning for Town Centres: Guidance on Design and Implementation tools (ODPM, 2005)  
 Going to Town: Improving Town Centre Access (NRPF/DTLR, 2002)  
 Good Practice Guidance on Planning for Tourism (DCLG, 2006)  
 Vital and Viable Town Centres: Meeting the Challenge (DOE, 1994)

### What is economic development?

3. For the purposes of the policies in this PPS, economic development includes development within the B Use Classes<sup>4</sup>, town centre uses and other development which achieves at least one of the following objectives whether in urban or rural areas:
  1. provides employment opportunities
  2. generates wealth or
  3. produces or generates an economic output or product<sup>5</sup>
4. For the avoidance of doubt, the main uses to which the town centre policies in this statement apply are:
  1. retail (including warehouse clubs and factory outlet centres)
  2. leisure, entertainment facilities, and the more intensive sport and recreation uses (including cinemas, restaurants, drive-through restaurants, bars and pubs, night-clubs, casinos, health and fitness centres, indoor bowling centres, and bingo halls)
  3. offices and
  4. arts, culture and tourism (theatres, museums, galleries and concert halls, hotels, and conference facilities)
5. For the purposes of the policies in this statement, references to town centre(s) or to centre(s) apply to all the types of centre, including local service centres, identified in development plans, except where otherwise stated. For the avoidance of doubt, unless they are identified as centres in regional spatial strategies or in development plan documents, existing out-of-centre development, comprising or including main town centre uses, such as shops, shopping centres, leisure parks or retail warehouse parks, do not constitute town centres for the purposes of this statement.

### THE GOVERNMENT'S OBJECTIVES FOR PROSPEROUS ECONOMIES

6. The Government's objectives are to:
  - achieve sustainable economic growth<sup>6</sup>
  - raise the productivity growth rate of the UK economy – by promoting investment, innovation, competition, skills and enterprise and providing job opportunities for all

<sup>4</sup> B1 Business, Offices, research and development, light industry. B2 General industrial, B8 Storage or distribution

<sup>5</sup> For the avoidance of doubt, whilst house building can be regarded as a form of economic activity, the Government's planning policies on housing are set out in Planning Policy Statement 3: *Housing*.

<sup>6</sup> Economic growth that can be sustained and is within environmental limits, but also enhances environmental and social welfare and avoids greater extremes in future economic cycles.

- build prosperous communities by improving the economic performance of cities, towns, regions, sub-regions and local areas, both urban and rural, and reduce the gap in growth rates between regions, promoting regeneration and tackling deprivation
- deliver more sustainable patterns of development, and respond to climate change<sup>7</sup>
- promote high quality and inclusive design, improving the quality of the public realm and open spaces
- improve accessibility, ensuring that existing or new development is, or will be, accessible and well-served by a choice of means of transport including reducing the need to travel and providing alternatives to car use
- promote the vitality and viability of town and other centres as important places for communities and ensure that they are economically successful recognising that they are important drivers for regional, sub-regional and local economies. To do this, the Government wants:
  - new economic growth and development to be focused in existing centres, with the aim of offering a wide range of services in an attractive and safe environment
  - competition between retailers and enhanced consumer choice through the provision of innovative and efficient shopping, leisure, tourism and local services in town centres, which allow genuine choice to meet the needs of the entire community, and particularly socially excluded groups
  - the historic, archaeological, architectural heritage of centres to be conserved and, where appropriate, enhanced to provide a sense of place and a focus for the community and for civic activity
- promote social inclusion, ensuring that communities have access to a range of main town centre uses, and that deficiencies in provision in areas with poor access to facilities are remedied

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<sup>7</sup> See Planning Policy Statement 1: *Delivering sustainable development* and the supplement to PPS1: *Planning and climate change*

## PLAN MAKING POLICIES

### Policy EC1: Using evidence to plan positively

EC1.1 Regional planning bodies and local planning authorities should work together [with county authorities preparing Local Economic Assessments<sup>8</sup>] to prepare, and maintain, a robust evidence base to understand both existing business need and likely changes in the market. Regional planning bodies and local planning authorities should ensure that the evidence they gather is proportionate to the scale of the issue. The evidence base should underpin development plan policies which support sustainable economic development in both the urban and rural parts of their area, allow a quick response to changing economic circumstances and inform decisions on planning applications. However there is a limit to the extent local planning authorities can predict the future of their local economies and so a flexible approach to the supply and use of land will be important. **Annex B** sets out a range of data that may be useful.

EC1.2 The evidence base should, at the regional level:

1. understand the economic markets operating in and across the area
2. assess the broad need for land for economic development over the plan period
3. assess, in broad terms, the overall need for additional floorspace for town centre uses over the regional spatial strategy period. This should focus on comparison retail, leisure and office development, and for five-year periods within it, having particular regard to the need for major town centre development of regional or sub-regional importance and the capacity and accessibility of centres
4. identify any deficiencies of higher level centres in the network of existing centres where a need for growth has been established
5. identify locations of deprivation to prioritise for remedial action and the drivers of decline within these areas

EC1.3 At the local level, the evidence base should:

1. assess the detailed need for employment land over the plan period
2. assess the existing and future supply of land available for economic development through land reviews. Where possible, land reviews should be undertaken at the same time as, or combined with strategic housing land availability assessments
3. assess the need for additional floorspace for all main town centre uses
4. assess the capacity of existing centres to accommodate new development, including, where appropriate, the scope for extending the primary shopping area and/or town centre, and identify centres in decline where change needs to be managed and

<sup>8</sup> Subject to outcome of Parliament's consideration of the Local Democracy, Economic Development and Construction Bill.

5. identify any deficiencies in floorspace provision as well as any deficiencies in the provision of local convenience shopping and other facilities which serve people's day-to-day needs and identify opportunities to remedy such deficiencies, such as through new centres of local importance
- EC1.4 In assessing the need for retail and leisure development local planning authorities should:
1. assess the need over the development plan document period as part of plan preparation and review, and update such assessments regularly
  2. inform and be informed by regional need assessments which should form part of the evidence base for development plan documents
  3. take account of both the quantitative need for additional floorspace for different types of retail and leisure developments as well as any qualitative considerations. In deprived areas which lack access to a range of services and facilities, and where there will be clear and demonstrable benefits in identifying sites for appropriate development to serve communities in these areas, additional weight should be given to meeting these qualitative considerations
  4. when assessing quantitative need for retail and leisure uses, assess the likely future demand for additional floorspace, having regard to relevant market information and economic data, including a realistic assessment of:
    - a) existing and forecast population levels
    - b) forecast expenditure for specific classes of goods to be sold, within the broad categories of comparison and convenience goods and for main leisure sectors and
    - c) for retail development, forecast improvements in productivity<sup>9</sup> in the use of floorspace
  5. when assessing qualitative need for retail and leisure uses, ensuring that additional benefits in respect of regeneration and employment are not taken into account (although they may be material considerations in the site selection process) assess whether:
    - a) there is an appropriate distribution of locations for retail and leisure uses, in light of the objective of promoting the vitality and viability of town centres and the application of the sequential approach, to improve accessibility for the whole community
    - b) there is provision for a range of sites for shopping, leisure and local services, which allow genuine choice to meet the needs of the whole community, particularly the needs of those living in deprived areas

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<sup>9</sup> Also known as retail space productivity growth which means the increase of sales density (£s per square metre) over time.

- c) other considerations are also taken into account, such as the degree to which shops may be overtrading, the benefits for competition and retail mix

EC1.5 When assessing the need for new office floorspace:

1. at regional level: regional planning bodies should forecast future employment levels and assess the physical capacity of centres to accommodate regionally significant new office development, taking account of the role of such centres in the hierarchy
2. at local level: local planning authorities will need to be informed by regional assessments and assess the physical capacity of centres to accommodate new office development of local importance, taking account of the role of such centres in the hierarchy

### **Policy EC2: Regional planning for prosperous economies**

EC2.1 Regional planning bodies should, through their regional spatial strategies:

1. positively and proactively encourage sustainable economic growth, in line with the principles of sustainable development based on a clear and proactive economic vision for the region
2. support existing business sectors, taking account of whether they are expanding or contracting and make provision, as necessary, for the location, expansion and promotion of clusters or networks of knowledge driven industry
3. where possible, identify and plan for new or emerging sectors likely to locate in the region or which the regional planning body, on the basis of evidence, wishes to attract to the region, but maintain flexibility in their policies on the supply and use of land to accommodate sectors not anticipated in the plan and allow a quick response to changes in economic circumstances. This may include businesses taking advantage of low carbon economic opportunities, such as those producing low carbon goods or services
4. recognise, and positively plan for, the benefits that can accrue when certain types of businesses locate within proximity of each other or with other compatible land uses, such as universities and hospitals and other high technology industries
5. subject to the specific policy requirements for town centres, take account of the different location requirements of businesses, such as the size of site required, site quality, access and proximity to markets, as well as the locally available workforce
6. make use of planning tools where these will assist business development.

EC2.2 Regional spatial strategies should set out policies to:

1. disaggregate minimum employment land targets down to district level;
2. identify sub-regional priority areas with high levels of deprivation that should be prioritised for regeneration investment, having regard to the character of the area and the need for a high quality environment
3. set criteria for, or identify, the general locations of strategic sites, including major inward investment sites to be taken forward in local development frameworks, ensuring that major 'Greenfield' sites are not released unnecessarily through competition between local authority areas
4. identify, protect and promote key distribution networks, and locate or co-locate developments which generate substantial freight movements in such a way as to minimise carbon emissions. Such networks and development should be in sustainably sited locations, so as to avoid congestion and to preserve local amenity interests as far as possible whilst ensuring accessibility (including to rail and water transport where feasible)
5. plan for the delivery of the sustainable transport and other infrastructure needed to support their planned economic development and, where necessary, provide advice on phasing and programming of development for local planning authorities

### **Policy EC3: Regional planning for town centres**

EC3.1 Regional planning bodies should, through their regional spatial strategies, set out a spatial vision and strategy for the management and growth of the centres in the region over the plan period. As part of their vision and strategy they should:

1. define a network (the pattern of provision of centres) of higher level centres (those of more than local importance) and hierarchy (the role and relationship of centres in the network) to meet the needs of their catchments for major retail, leisure, office and other main town centre uses of more than local importance. This should provide a strategic framework for planning at the local level
2. make strategic choices about which centres in the hierarchy will accommodate any identified major growth, identifying suitable broad locations for regionally significant office development, taking into account the need to avoid an over concentration of growth in the higher level centres and ensuring that the network is resilient to anticipated future economic change
3. ensure that any significant change in the role and function of centres are brought forward through the regional spatial strategy rather than through planning applications

4. address identified deficiencies in the network by promoting centres to function at a higher level in the hierarchy, or designating new centres of strategic importance in identified areas of deficiency or significant growth such as in identified growth areas and proposed eco-towns, giving priority to deprived areas<sup>10</sup> where there is a need for better access to services, facilities and employment by socially excluded groups
5. where a need for a new, expanded or redeveloped out-of-centre regional or sub-regional shopping centre has been identified, carefully consider the full impacts of such development, including for transport, when the strategy is prepared and
6. ensure that town centre policies are flexible and able to respond to changing economic circumstances, including the recognition that designated town centre networks and hierarchies will change over time

#### **Policy EC4: Local planning approach to economic development**

EC4.1 Local planning authorities, through their local development frameworks, should (in rural areas taking account of the need to protect the countryside):

1. positively and proactively encourage sustainable economic growth in both urban and rural areas, in line with the principles of sustainable development, based on a clear and proactive locally specific economic vision and strategy
2. make full and effective use of the planning tools<sup>11</sup> available to them to simplify the planning process where appropriate, such as simplified planning zones, to achieve their vision and strategy
3. prioritise previously developed land<sup>12</sup> which is suitable for re-use, setting out criteria based policies. Where necessary to safeguard land from other uses, identify a range of sites, to facilitate a broad range of economic development including mixed use to meet the requirements in the regional spatial strategy
4. support existing business sectors, taking account of whether they are expanding or contracting and make provision, as necessary, for the location, expansion and promotion of clusters or networks of knowledge driven industry

<sup>10</sup> For purposes of this policy statement, areas which are experiencing significant levels of 'multiple deprivation', typically those within the most deprived 10% of 'super output areas', as identified in the English Indices of Deprivation and defined by the Index of Multiple Deprivation (IMD).

<sup>11</sup> Such as Area Action Plans, town centre and retail strategies, master plans, Business Improvement Districts, Local Area Agreements, Compulsory Purchase Orders, planning conditions, Section 106 Planning Obligations, Local Development Orders, Design Codes and Article 4 Directions.

<sup>12</sup> Previously developed land has the same meaning as set out in Annex B to *Planning Policy Statement 3: Housing*.



5. where appropriate, positively plan for the benefits that can accrue when certain types of businesses locate within proximity of each other or with other compatible land uses such as universities and hospitals and other high technology industries
6. facilitate new working practices such as live/work or the use of residential properties for home working
7. ensure that site allocations for economic development, particularly if they are for single or restricted uses, are not carried forward from one version of the development plan to the next without evidence of the need and reasonable prospect of their take up during the plan period. If there is no reasonable prospect of a site being used for the allocated economic use during the plan period, the allocation should not be retained, and wider economic uses or alternative uses, such as housing, should be actively considered
8. encourage new uses for vacant or derelict buildings, including historic buildings<sup>13</sup> and buildings in rural areas and
9. seek to make the most efficient and effective use of land and buildings, especially vacant or derelict buildings (including historic buildings)

EC4.2 Local development frameworks should contain policies which:

1. plan for new or emerging sectors likely to locate in the local area or which the local planning authority wish to attract to the area, but maintain flexibility in their policies on the supply and use of land to accommodate sectors not anticipated in the plan and allow a quick response to changes in economic circumstances. This may include businesses taking advantage of low carbon economic opportunities, such as those producing low carbon goods or services
2. make provision for a broad range of business types such as small start-up businesses, through to small and medium sized enterprises as well as larger commercial or industrial premises. The authority should consider how this portfolio can be delivered, including whether land assembly needs to occur, how this can be brought about, and what other mechanisms – working with their partners – should be used
3. set out evidence based policies for the delivery of the sustainable transport and other infrastructure needed to support their planned economic development and, where necessary, provide advice on phasing and programming and

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<sup>13</sup> See *Heritage Works: The Use of Historic Buildings in Regeneration* (English Heritage, RICS and BPF, 2005) and *Regeneration and the Historic Environment: Heritage as a Catalyst for Better Social and Economic Regeneration* (English Heritage, 2005)

4. identify, protect and promote key distribution networks, and locate or co-locate developments which generate substantial freight movements in such a way as to minimise carbon emissions. Such networks and development should be in sustainably sited locations, so as to avoid congestion and to preserve local amenity interests as far as possible whilst ensuring accessibility (including to rail and water transport where feasible)

### **Policy EC5: Local planning approach to town centres**

- EC5.1 Local planning authorities, through their local development frameworks, should in their core strategy, set out a spatial vision and strategy for the management and growth of the centres in their area over the plan period. As part of the vision and strategy they should:
1. define a network and hierarchy of lower order centres (those not identified in the Regional Spatial Strategy) to meet the needs of their catchments and ensure that people's everyday needs are met locally
  2. make choices about which centres will accommodate any identified growth; addressing deficiencies in the network by promoting centres to function at a higher level in the hierarchy or designating new centres of an appropriate scale in identified areas of deficiency or significant growth such as in identified growth areas and proposed eco-towns, giving priority to deprived areas where there is a need for better access to services, facilities and employment by socially excluded groups
  3. taking into account whether there is a need to avoid an over-concentration of growth in higher order centres, ensure that any significant change in role and function of centres is brought forward through the development plan, rather than through planning applications
  4. set out how identified growth and change will be managed across the network of centres, having regard to the need to promote investment and strengthen existing centres, especially those needing regeneration, for example, by developing town centre or retail strategies and promoting and developing a specialist or new role and encouraging specific types of uses in some centres
  5. where existing centres are in decline:
    - a) consider the scope for consolidating and strengthening these centres by seeking to focus a wider range of services there, promoting the diversification of uses and improving the environment or

- b) where reversing decline is not possible, recognise that these centres may need to be reclassified at a lower level within the hierarchy of centres, and reflect this revised status in the policies applied to the area. This may include allowing retail units to change to other uses, whilst aiming, wherever possible, to retain opportunities for vital local services, such as post offices and pharmacies
6. define the extent of the primary shopping area and the town centre on their Proposals Map and consider distinguishing between realistically defined primary and secondary frontages in designated town centres with policies that make clear which uses will be permitted in such locations. Primary frontages should contain a high proportion of retail uses while secondary frontages provide a greater opportunity for flexibility and a diversity of uses
7. consider setting floorspace thresholds for the scale of edge-of-centre and out-of-centre development which should be subject to an impact assessment and specify the areas these thresholds will apply to and the types of impacts having particular local importance which should be tested (see policy EC18.5 also)
8. where growth cannot be accommodated in identified existing centres, expand town centres and identify development opportunities, ensuring that any extensions are carefully integrated with the existing centre both in terms of design and to allow easy pedestrian access, by:
  - a) reviewing all existing site allocations and considering reallocating sites which do not comply with this policy statement
  - b) identifying and allocating sites ensuring that the number and size of sites identified for development or redevelopment are sufficient to meet the scale and type of need identified and that allocations are not unduly restrictive
  - c) making better use of existing land and buildings, including, where appropriate, redevelopment
  - d) planning for the extension of primary shopping areas and town centres and
  - e) making provision for larger stores and offices in town centres by identifying, designating and assembling larger sites in edge of centre locations where a need has been identified
9. have flexible town centre policies which are able to respond to changing economic circumstances and which recognise that designated town centre networks and hierarchies will change over time
10. encourage residential or office development as appropriate uses above ground floor retail, leisure or other facilities within centres

11. ensure that housing in out-of-centre mixed-use developments is not, in itself, used as a reason to justify additional floorspace for main town centre uses in such locations
12. identify opportunities within existing centres for sites suitable for development or redevelopment or where conversions and changes of use will be encouraged for specific buildings or areas
13. use relevant vitality and viability indicators, market information and economic data to inform tools such as area action plans, compulsory purchase orders and town centre strategies to address the transport, land assembly, crime prevention, planning and design issues associated with the growth and management of their centres and
14. where appropriate in urban areas, encourage high-density development within existing centres accessible by public transport, walking and cycling

**Policy EC6: Local planning approach to planning for consumer choice and promoting competition for town centre development**

- EC6.1 Local planning authorities should proactively plan for consumer choice and promote competitive town centre environments by:
1. supporting the diversification of uses in the town centre as a whole
  2. planning for a strong retail mix so that the range and quality of the comparison and convenience retail offer meets the requirements of the local catchment area
  3. recognising that smaller shops can significantly enhance the character and vibrancy of a centre and make a valuable contribution to consumer choice
  4. retaining and enhancing existing markets and, where appropriate, re-introducing or creating new ones, ensuring that markets remain attractive and competitive by investing in their improvement
  5. planning for a range of tourism, leisure and cultural activities, which appeal to a wide range of age and social groups, and ensuring that these are distributed throughout the centre and
  6. taking measures to conserve and, where appropriate, enhance the established character and diversity of their town centres

**Policy EC7: Site selection and land assembly for town centre uses**

- EC7.1 In selecting sites for development for town centre uses, local planning authorities should:
1. base their approach on the identified **need** for development
  2. identify the appropriate **scale** of development

3. apply the **sequential approach** to site selection
  4. assess the **impact** of development on existing centres and
  5. ensure that locations are **accessible** and well served by a choice of means of transport
  6. after addressing the above requirements planning authorities should also consider the degree to which other considerations such as any physical regeneration benefits of developing on previously-developed sites; employment opportunities; increased investment in an area; social inclusion and other specific local circumstances, may be material to the choice of appropriate locations for development
- EC7.2 In judging the appropriate **scale** of development in different types of centre local planning authorities should:
1. prepare policies for the scale of developments likely to be permissible in different centres, taking account of the strategy for the region's centres in the regional spatial strategy, ensuring that the scale of opportunities identified are directly related to the role and function of the centre within the town centre hierarchy and the catchment served and that uses which generate large amounts of travel are located within centres that reflect the scale and catchment of the development proposed
  2. for city and town centres, where a need has been identified, identify sites in the centre, or failing that on the edge of the centre, capable of accommodating larger format developments
- EC7.3 In applying the **sequential approach to site selection** local planning authorities should:
1. identify sites in the following order:
    - a) first, locations in appropriate existing centres where suitable sites or buildings for conversion are, or are likely to become, available within the plan period
    - b) edge-of-centre locations, with preference given to sites that are or will be well-connected to the centre and then
    - c) out-of-centre sites, with preference given to sites which are or will be well served by a choice of means of transport and which are close to the centre and have a high likelihood of forming links with the centre
  2. give preference to those sites that best serve the needs of deprived areas when considered against alternative sites with similar location characteristics
  3. identify an appropriate range of sites to accommodate the identified need, ensuring that sites are capable of accommodating a range of business models in terms of scale, format, car parking provision and scope for disaggregation and

4. where appropriate, include policies and proposals in development plan documents for the phasing and release of development sites over the development plan document period to ensure that those sites in preferred locations within centres are developed ahead of less central locations
- EC7.4 In assessing the **impact** of proposed locations for proposed development on existing centres local authorities should:
1. take into account the impact considerations set out in Policy EC20
  2. ensure that any proposed edge of centre or out of centre sites would not have an unacceptable impact on centres within the catchment of the potential development
  3. ensure that proposed sites in a centre, which would substantially increase the attraction of that centre and could have an impact on other centres, are assessed for their impact on those other centres and
  4. ensure that the level of detail of any impact assessment is proportional to the nature and detail of the proposed development
- EC7.5 In **assessing whether locations are accessible**, local planning authorities should have regard to:
5. whether the site is or will be accessible and well served by a choice of means of transport, especially public transport, walking and cycling, as well as by car and
  6. the impact on car use, traffic and congestion
- EC7.6 Having selected sites for development, local planning authorities should allocate sufficient sites to meet the identified need for at least the first five years from the adoption of their development plan documents, although for large town centre schemes a longer period may be appropriate to allow for site assembly.
- EC7.7 An apparent lack of sites of the right size and in the right location should not be a reason for local planning authorities to avoid planning to meet the identified need for development. In these circumstances, local planning authorities should set out criteria based policies for assessing planning applications.

### **Policy EC8: Managing the evening and night-time economy in town centres**

- EC8.1 Local planning authorities should prepare planning policies to help manage the evening and night-time economy in appropriate centres, taking account of and complementing the local authority's Statement of Licensing Policy and the promotion of the licensing objectives under the Licensing Act 2003 They should ensure that such policies:
1. encourage a diverse range of complementary evening and night-time economy uses which appeal to a wide range of age and social groups, ensuring that

provision is made where appropriate for leisure, cultural and tourism activities such as cinemas, theatres, restaurants, public houses, bars, nightclubs and cafes and

2. set out the number and scale of leisure developments they wish to encourage based on their potential impact, including the cumulative impact, on the character and function of the centre, anti-social behaviour, crime, including tackling security issues raised by crowded places, and the amenities of nearby residents

### **Policy EC9: Local planning approach to rural areas**

- EC9.1 Economic development in open countryside away from existing settlements, or outside areas allocated for development in development plans, should be strictly controlled. Most new development should continue to be located in or on the edge of existing settlements as this facilitates best use of existing infrastructure and delivers sustainable development. The countryside should be protected for the sake of its intrinsic character and beauty, the diversity of its landscapes, heritage and wildlife, the wealth of its natural resources and so it may be enjoyed by all.
- EC9.2 Subject to recognising the need to protect the countryside, the policies for economic development in this statement apply to rural areas as they do to urban areas. In addition, in rural areas, local planning authorities should:
1. identify local service centres (which might be a country town, a single large village or a group of villages) as the preferred location for new economic development
  2. away from larger urban areas, focus most new development in or on the edge of local service centres where employment, housing (including affordable housing), services and other facilities can be provided close together
  3. set out the criteria to be applied to planning applications for farm diversification, and support diversification for business purposes that are consistent in their scale and environmental impact with their rural location
  4. seek to remedy any identified deficiencies in local shopping and other facilities to serve people's day-to-day needs and help address social exclusion
  5. where appropriate, set out policies for supporting equine enterprises to provide for a range of suitably located recreational and leisure facilities and, where appropriate, for the needs of training and breeding businesses that maintain environmental quality and countryside character. Policies should facilitate the re-use of farm buildings for small-scale horse enterprises which provide a useful form of farm diversification
  6. set out the circumstances where replacement of buildings would not be acceptable and the permissible scale of replacement buildings and

7. where appropriate (e.g. in popular holiday areas), set out policies on the provision of new holiday and touring caravan sites and chalet developments, and on the expansion and improvement of existing sites and developments (e.g. to improve layouts and provide better landscaping), carefully weighing the objective of providing adequate facilities and sites with the need to protect landscapes and environmentally sensitive sites, and examine the scope for relocating any existing, visually or environmentally-intrusive sites away from sensitive areas, or for re-location away from sites prone to flooding or coastal erosion

### **Policy EC10: Car parking for non-residential development**

EC10.1 Local planning authorities should, through their local development frameworks, set maximum parking standards for non-residential development in their area, ensuring alignment with the policies in the relevant local transport plan. There should be no minimum standards for development, other than for parking for disabled people.

EC10.2 In setting their maximum standards, local planning authorities should take into account:

1. the need to encourage access to development for those without use of a car and promote sustainable transport choices, including cycling and walking
2. the need to reduce carbon emissions<sup>14</sup>
3. the current, and likely future, levels of public transport accessibility
4. the need to reduce the amount of land needed for development
5. the need to tackle congestion
6. the need to work towards the attainment of air quality objectives
7. the need to enable schemes to fit into central urban sites and promote linked trips
8. the need to make provision for adequate levels of good quality secure parking in town centres to encourage investment and maintain their vitality and viability
9. the need to encourage the shared use of parking, particularly in town centres and as part of major proposals
10. the need to provide for appropriate disabled parking and access
11. the needs of different business sizes and types and major employers, such as hospitals and
12. the differing needs of rural and urban areas

<sup>14</sup> See Climate change supplement to *Planning Policy Statement 1: Delivering Sustainable Development*.



## MONITORING

### Policy EC11: Monitoring

EC11.1 Regional planning bodies and local planning authorities should use their annual monitoring reports to keep the following matters under review in order to inform consideration of the impact of policies and development proposals:

1. the network and hierarchy of centres (at both the regional and local levels)
2. the need for further development and
3. the vitality and viability of centres (at the local level).

EC11.2 To measure the vitality and viability and monitor the health of their town centres and how this is changing over time and inform judgements about the impact of policies and development proposals, local authorities should also regularly collect market information and economic data, preferably in co-operation with the private sector, on the key indicators set out at **Annex A** to this planning policy statement.

## DECISION MAKING POLICIES

**Policy EC12: Planning applications for economic development** (see also policy EC21)

EC12.1 Local planning authorities should adopt a positive and constructive approach towards planning applications for economic development as defined for the purposes of this statement in both urban and rural areas.

EC12.2 Where a planning application for economic development, including for main town centre uses, is in accordance with the development plan it should normally be approved.

EC12.3 In determining applications for economic development other than main town centre uses, local planning authorities should:

1. consider proposals for economic development other than town centre uses, favourably unless there is good reason to believe that the social, economic and/or environmental costs of development are likely to outweigh the benefits;
2. take a constructive approach to changes of use where there is no likelihood of demonstrable harm;
3. adopt an evidence-based approach in determining applications for proposals other than for town centre uses which do not have the specific support of plan policies by:
  - a) weighing market and other economic information alongside environmental and social information

- b) taking full account of any longer term benefits, as well as the costs, of development, such as job creation or improved productivity including any wider benefits to national, regional or local economies; and
  - c) considering whether those proposals help to meet the wider objectives of the local development framework
4. support development which enhances the vitality and viability of market towns and other rural service centres
  5. support small-scale economic development where it provides the most sustainable option in villages, or other locations, that are remote from local service centres, recognising that a site may be an acceptable location for development even though it may not be readily accessible by public transport
  6. assess proposals involving the loss of economic activity in rural locations on the basis of evidence about the impact on the supply of employment sites and premises in that community to ensure the economic, social and environmental sustainability of the area is protected and enhanced and
  7. not accept proposals which fail to secure a high quality and inclusive design or which fail to take the opportunities available for improving the character and quality of the area and the way it functions

### **Policy EC13: Village and local centre shops and services**

EC13.1 Local planning authorities should seek to protect and strengthen village and local centre shops, services and other important small scale economic uses (including post offices, rural petrol stations, village and church halls and rural public houses). To do this, local planning authorities should:

1. ensure that the importance of shops and services to the local community is taken into account in assessing proposals which would result in their loss or change of use
2. where appropriate, protect existing facilities which provide for people's day-to-day needs
3. respond positively to proposals for the conversion and extension of shops which are designed to improve their viability and
4. consider the role of farm shops to meet a demand for local produce in a sustainable way and contribute to the rural economy, taking care to ensure that they do not adversely affect easily accessible convenience shopping available to the local community

### **Policy EC14: Local development frameworks: re-use or replacement of buildings in the countryside**

EC14.1 Local planning authorities should support the conversion and re-use of appropriately located and suitably constructed existing buildings in the countryside, particularly those adjacent or closely related to towns or villages, for economic development, including hotel and other serviced accommodation, community, residential and any other purposes, including mixed uses, where this would meet sustainable development objectives. In considering planning applications for the re-use or replacement of buildings, local planning authorities should take into account:

1. the potential impact on the countryside and landscapes and wildlife
2. specific local economic and social needs and opportunities
3. settlement patterns and accessibility to service centres, markets and housing
4. that re-use for economic development purposes will usually be preferable, but residential conversions may be more appropriate in some locations and for some types of building
5. the need to preserve, or the desirability of preserving, buildings of historic or architectural importance or interest and
6. the suitability of different types of buildings, and of different scales, for re-use recognising that replacement of buildings should be favoured where this would result in a more acceptable and sustainable development than might be achieved through conversion

### **Policy EC15: Local development frameworks: tourism in rural areas**

EC15.1 To help deliver the Government's tourism strategy<sup>15</sup>, local planning authorities should support sustainable rural tourism and leisure developments that benefit rural businesses, communities and visitors and which utilise and enrich, rather than harm, the character of the countryside, its towns, villages, buildings and other features. Local planning authorities should, through their local development frameworks:

1. support the provision of tourist and visitor facilities in appropriate locations where identified needs are not met by existing facilities in rural service centres
2. wherever possible, plan to locate tourist and visitor facilities in existing or replacement buildings, particularly where they are located outside existing settlements. Facilities requiring new buildings in the countryside should normally be provided in, or close to, service centres or villages but may be justified in other locations where the required facilities are needed in conjunction with a particular countryside attraction and there are no suitable existing buildings or developed sites available for re-use

<sup>15</sup> *Winning: a Tourism Strategy for 2012 and Beyond*, Department for Culture, Media and Sport strategy document

3. recognise that in areas statutorily designated for their natural or cultural heritage qualities, there will be scope for tourist and leisure related developments, subject to appropriate control over their number, form and location to ensure the particular qualities or features that justified the designation are conserved
4. allow appropriate facilities needed to enhance visitors' enjoyment, and/or improve the financial viability, of a particular countryside feature or attraction, providing they will not detract from the attractiveness or importance of the feature, or the surrounding countryside
5. adopt a positive approach to proposed extensions to existing tourist accommodation where the scale of the extension is appropriate to its location and where the extension may help to ensure the future viability of such businesses
6. ensure that new or expanded holiday and touring caravan sites and chalet developments are not prominent in the landscape and that any visual intrusion is minimised by effective, high-quality screening and
7. support the provision of other forms of self-catering holiday accommodation in rural areas where this would accord with sustainable development objectives

### **Policy EC16: Nationally designated areas**

EC16.1 Major developments should not take place in National Parks, the Broads and Areas of Outstanding Natural Beauty (AONB), except in exceptional circumstances. Major development proposals<sup>16</sup> should be demonstrated to be in the public interest before being allowed to proceed. Consideration of such applications should include an assessment of:

1. the need for the development, including in terms of any national considerations, and the impact of permitting it, or refusing it, upon the local economy
2. the cost of, and scope for, developing elsewhere outside the designated area, or meeting the need for it in some other way and
3. any detrimental effect on the environment, the landscape and recreational opportunities, and the extent to which that could be moderated

### **Policy EC17: Application of car parking standards for non-residential development**

EC17.1 Local parking standards should apply to individual development proposals unless:

1. the applicant has demonstrated (where appropriate through a transport assessment) that a higher level of parking provision is needed and shown the measures proposed to be taken (for instance in the design, location and operation of the scheme) to minimise the need for parking.

<sup>16</sup> For the purposes of this policy, "major development" encompasses all types of development not just economic development.

2. for retail and leisure developments located in a town centre, or on an edge of centre site, the local planning authority is satisfied that:
  - a) the parking facilities will genuinely serve the town centre as a whole and agreement to this has been secured before planning permission has been granted
  - b) the scale of parking is in keeping with the size of the centre and
  - c) the parking provision is consistent with any town centre parking strategy

### **Policy EC18: Supporting evidence for planning applications for main town centre uses**

EC18.1 The following evidence should accompany a planning application for a main town centre use which is not in an existing centre nor allocated in an up-to-date development plan:

1. a sequential assessment
2. an impact assessment

EC18.2 An impact assessment will also be needed where a significant development, not in accordance with the development plan, is located in an existing centre and such a development would substantially increase the attraction of the centre and could have an impact on other centres. In such cases the impact on other centres should also be assessed.

EC18.3 The level of detail and type of evidence and analysis required should be proportionate to the scale and nature of the proposal and its likely impact.

EC18.4 Local planning authorities should respond positively to approaches from applicants to discuss their proposals before a planning application is submitted and seek to agree the type and level of information that needs to be included within an impact assessment (such as trends in turnover, population, expenditure and efficiency in the use of retail floorspace, and any relevant market information and economic data).

EC18.5 Where a development plan does not set out specific floorspace thresholds for the scale of development which should be subject to an impact assessment, a comprehensive impact assessment will be needed for retail and leisure developments over 2,500 square metres gross floorspace.

### **Policy EC19: The consideration of sequential assessments for planning applications for town centre uses**

EC19.1 In considering sequential assessments under EC18.1(1), local planning authorities should:

1. ensure that all in-centre options have been thoroughly assessed before less central sites are considered

2. ensure that where it has been demonstrated that there are no town centre sites to accommodate a proposed development preference is given to edge of centre locations which are well connected to the centre by means of easy pedestrian access
3. ensure that in considering sites in or on the edge of existing centres developers and operators have demonstrated flexibility about their proposed business model in terms of:
  - a) the scale of development: reducing the floorspace of their development;
  - b) the format of their development; more innovative site layouts and store configurations such as multi-storey developments with smaller footprints;
  - c) car parking provision; reduced or reconfigured car parking areas; and
  - d) the scope for disaggregation (see 5 below).
4. in considering whether flexibility has been demonstrated under (3) above, take into account any genuine difficulties, which the applicant can demonstrate are likely to occur in operating the proposed business model from the sequentially preferable site, such as where a retailer would be required to provide a significantly reduced range of products. Evidence which claims that the class of goods proposed to be sold cannot be sold from the town centre should not be accepted
5. ensure that in considering sites in or on the edge of existing centres developers and operators have explored whether specific parts of a retail and/or leisure development could be operated from separate, sequentially preferable, sites. For proposals in edge-of-centre or out-of-centre locations which comprise a group of retail and/or leisure units, such as a retail park, leisure park or shopping centre, the applicant should have considered the degree to which the constituent units within the proposal could be accommodated on more centrally-located sites. A single retailer or leisure operator should not however be expected to split their proposed development into separate sites where flexibility in terms of scale, format, car parking provision and the scope for disaggregation has been demonstrated and
6. ensure that applicants have provided clear evidence to demonstrate why otherwise sequentially-preferable sites are not appropriate for the particular development proposed, taking account of the site's availability, suitability and viability. In applying this policy, local planning authorities should be realistic in considering whether sites are suitable, viable and available

**Policy EC20: The impact assessment for planning applications for town centre uses not in accordance with the development plan**

EC20.1 In taking account of the evidence in the impact assessment under EC18.1(2), local planning authorities should:

1. consider whether the assessment sets out clear conclusions on all town centre and wider impacts which have been assessed. Assessments should focus in particular on the first 5 years after the implementation of a proposal and be concise but thorough and any assumptions should be transparent and clearly justified, realistic and internally consistent
2. consider any positive and negative impacts of the proposal, taking account of the likely cumulative effect of recent permissions, developments under construction and completed developments
3. assess the proposal against the following key impacts:
  - a) whether the proposal has been planned over the lifetime of the development to limit carbon dioxide emissions, and minimise vulnerability and provide resilience to, climate change<sup>17</sup>
  - b) if located in an edge-of-centre location, the impact on the spatial planning strategy, in particular the role of the centre in the hierarchy of centres
  - c) what the impact is on existing, committed and planned public and private investment in a centre or centres in the catchment area of the proposal
  - d) if a proposal is in or on the edge of a town centre, whether it is of an appropriate scale (in terms of gross floorspace), in relation to the size and role of the centre and its catchment area
  - e) the accessibility of the proposal by a choice of means of transport including walking, cycling, public transport and the car, the extent to which it will reduce or increase the overall distance travelled by car and the resultant effect on carbon dioxide emissions, the effect on local traffic levels and congestion (especially to the trunk road network) after public transport and traffic management measures have been secured<sup>18</sup>, and the extent to which the location of the proposal will promote linked trips with existing centres
  - f) in the context of a retail or leisure proposal, what the impact is on in-centre trade/turnover and on trade in the wider area, taking account of current and future consumer expenditure capacity in the catchment area up to five years from the time the application is made, and, where applicable, on the rural economy
  - g) what the impact is on town centre vitality and viability, including local consumer choice and the range and quality of the comparison and convenience retail offer
  - h) whether the proposal secures a high quality and inclusive design which takes the opportunities available for improving the character and quality of the area and the way it functions and

<sup>17</sup> See Paragraph 9 and 42 of *Planning and Climate Change: Supplement to Planning Policy Statement 1* (CLG, 2007)

<sup>18</sup> Advice on assessing transport impacts is set out in *Guidance on Transport Assessments* (DfT and CLG, 2007)

4. unless the local authority has identified locally important impacts in its development plan under policy EC4, they also should assess the following wider impacts:
  - a) the impact on allocated sites outside town centres being developed in accordance with the development plan
  - b) the impact on deprived areas and social inclusion objectives
  - c) the impact on local employment, particularly whether it will create new jobs (in terms of full-time equivalents) and lead to a net increase in employment and
  - d) the impact on economic and physical regeneration in the area

**Policy EC21: The consideration of planning applications for development for town centre uses not in a centre nor allocated in an up to date development plan.**

- EC21.1 Having considered the evidence, local authorities should determine planning applications for town centre uses that are not in a centre or allocated in an up to date development plan in the following way:
1. refuse planning permission where the applicant has not demonstrated compliance with the requirements of Policy EC19 (the sequential approach)
  2. refuse planning permission where there is clear evidence that the proposal is likely to lead to significant adverse impacts in terms of mitigation of or adaptation to climate change or any one or more other key impacts under Policy EC20.1(3) (the impact assessment)
  3. consider proposals favourably where any adverse impacts under Policy EC20.1(3) are not significant and these are likely to be outweighed by significant wider economic, social and environmental benefits arising from the proposal under Policy EC20.1(4) or other material considerations
- EC21.2 Judgements about the extent and significance of any impacts should be informed by the development plan (where this is up to date). Recent local assessments of the health of town centres which take account of the vitality and viability indicators in Annex A of this policy statement and any other published local information (such as for example a town centre or retail strategy), will also be relevant.

**Policy EC22: The consideration of applications for extensions to existing town centre development in edge-of-centre and out-of-centre locations**

- EC22.1 In determining applications for extensions to town centre development in edge of centre and out of centre locations, local authorities should:
1. give the impact on existing town centres particular weight, especially if new and additional classes of goods or services for sale are proposed and



2. only apply the sequential approach where the gross floor space of the proposed extension exceeds 200 square metres

EC22.2 This policy should be applied to applications which create additional floorspace, including proposals for internal alterations where planning permission is required, and applications to vary or remove conditions changing the range of goods sold, and applies to individual units or stores whether or not they are part of a retail park, mixed use development or shopping centre.

### **Policy EC23: The consideration of applications for ancillary retail and office uses**

EC23.1 Where shops are proposed as an ancillary element to other forms of development (for example, petrol filling stations, motorway service areas, airport terminals, industrial/employment areas, railway stations, sports stadia or other leisure, tourist and recreational facilities) local planning authorities should ensure that the retail element is limited in scale and genuinely ancillary to the main development, and should seek to control this through the use of conditions (see Policy EC24).

EC23.2 Where the retail element is not considered to be ancillary, it should be subject to the policies set out in this statement.

EC23.3 Where office development is ancillary to other forms of economic development not located in the town centre there should be no requirement for such offices to be located in the town centre.

### **Policy EC24: The effective use of conditions for town centre uses**

EC24.1 Local planning authorities should make effective use of planning conditions to implement their policies and proactively manage the impacts of development by imposing planning conditions to:

1. prevent developments from being sub-divided into a number of smaller shops or units, or to secure the provision of units suitable for smaller business, by specifying the maximum size of units
2. ensure that ancillary elements remain ancillary to the main development
3. limit any internal alterations to increase the amount of gross floorspace by specifying the maximum floorspace permitted
4. limit the range of goods sold, and to control the mix of convenience and comparison goods and
5. resolve issues relating to the impact of the development on traffic and the amenity of neighbouring residents, such as the timing of the delivery of goods to shops and the adequate provision for loading and unloading

EC24.2 In considering restrictions on deliveries, local authorities should take account of all relevant factors, including impact on congestion, especially in peak periods. In considering how to mitigate night-time noise, local authorities should consider alternatives to a complete ban, such as embodying codes of practice into planning obligations relating to the number of vehicles and noise standards.

## ANNEX A: TOWN CENTRE HEALTH CHECK INDICATORS

- A1 **Diversity of main town centre uses (by number, type and amount of floorspace):** the amount of space in use for different functions – such as offices; shopping; leisure, cultural and entertainment activities; pubs, cafes and restaurants; and, hotels.
- A2 **The amount of retail, leisure and office floorspace in edge-of-centre and out-of-centre locations.**
- A3 **The potential capacity for growth or change of centres in the network:** opportunities for centres to expand or consolidate, typically measured in the amount of land available for new or more intensive forms of town centre development.
- A4 **Retailer representation and intentions to change representation:** existence and changes in representation of types of retailer, including street markets, and the demand of retailers wanting to come into the centre, or to change their representation in the centre, or to reduce or close their representation.
- A5 **Shopping rents:** pattern of movement in Zone A rents within primary shopping areas (ie. the rental value for the first 6 metres depth of floorspace in retail units from the shop window).
- A6 **Proportion of vacant street level property and the length of time properties have been vacant:** vacancies can arise even in the strongest town centres, and this indicator must be used with care. Vacancies in secondary frontages and changes to other uses will also be useful indicators.
- A7 **Commercial yields on non-domestic property (ie the capital value in relation to the expected market rental):** demonstrates the confidence of investors in the long-term profitability of the centre for retail, office and other commercial developments. This indicator should be used with care.
- A8 **Land values and the length of time key sites have remained undeveloped:** data on changes in land value and how long key town centre and edge of centre sites have remained undeveloped provide important indicators for how flexible policies should be framed and can help inform planning decisions.
- A9 **Pedestrian flows (footfall):** a key indicator of the vitality of shopping streets, measured by the numbers and movement of people on the streets, in different parts of the centre at different times of the day and evening, who are available for businesses to attract into shops, restaurants or other facilities.

- A10 **Accessibility:** ease and convenience of access by a choice of means of travel, including – the quality, quantity and type of car parking; the frequency and quality of public transport services and the range of customer origins served; and, the quality of provision for pedestrians, cyclists and disabled people and the ease of access from main arrival points to the main attractions.
- A11 **Customer and residents' views and behaviour:** regular surveys will help authorities in monitoring and evaluating the effectiveness of town centre improvements and in setting further priorities. Interviews in the town centre and at home can be used to establish views of both users and non-users of the centre, including the views of residents living in or close to the centre. This information could also establish the degree of linked trips.
- A12 **Perception of safety and occurrence of crime:** should include views and information on safety and security, including from the threat of terrorism, and where appropriate, information for monitoring the evening and night-time economy.
- A13 **State of the town centre environmental quality:** should include information on problems (such as air pollution, noise, clutter, litter and graffiti) and positive factors (such as trees, landscaping and open spaces).

## ANNEX B: DEFINITIONS

Set out below is range of data that may be useful in establishing a robust evidence base for development plans and in development management:

### Economy:

- **employment by broad sector:** gives background on regional economic structure. It is available by region and gives an insight into the importance of different sectors for regional employment (ABI)
- **VAT registrations/de-registrations:** gives an indication of entrepreneurship over time as well as business failure. It is available on a regional and a county/unitary authority basis and can be compared against stocks of registrations from the same source (ONS-IDBR)
- **business size:** the number of different business sizes can also inform an understanding of the importance of different industries to a region. Detailed yearly data is available on a regional basis of the number of different businesses in different employment size bands for broad categories (ABI)
- **employment change:** changes in employment patterns can give an insight into the growth/decline of different sectors for regional employment (ABI)
- **economic activity rate:** this shows the percentage of the population that is either in work or looking for work and can be used to help understand the potential workforce for new business development (Labour Force Survey)

### Economic performance:

- **gross value added (GVA):** this measures the difference between the value of the output businesses and the value of their inputs and is on a regional and county/unitary authority basis (ONS)

### The population and workforce:

- **qualifications:** this can show the percentage of the population that has achieved different levels of qualifications and can be used to give a background of the potential workforce of an area (Census)
- **occupations:** this can show the percentage of the population of a specific area or region who are employed in different jobs (Census)
- **house affordability:** this is a ration of lower quartile house prices to lower quartile earning. It is available by region and is an indication of housing need (Land Registry and ONS)
- **population:** data on changes in population help indicate the scope for development (Land registry and ONS)
- **index of multiple deprivation:** the index published at ward level can give an insight into the regeneration opportunities in a deprived area (CLG)

**The labour market:**

- **earnings:** earnings can give an insight into the appropriate scope/type of economic development in an area, on a regional and county/unitary authority basis (ABI/Annual Survey of Hours and Earnings)
- **unemployment:** gives background on the scope for economic development opportunities. It needs to be understood in the context of the qualification and skills of a potential workforce (ONS)
- **travel to work:** information on the different methods of commuting and catchment areas can help to inform infrastructure issues (Census)

**Land and property markets:**

- **unimplemented planning permissions:** existing data held by local planning authorities on planning permissions could be a helpful sign of what development is in the pipeline
- **existing floorspace:** data is available on floorspace currently available. This can provide an insight into how much spare capacity already exists for businesses (Valuation Office)

**Survey data**

In conjunction with more regional information, local survey data may be used for plan making, review and development control decisions provided they are up to date. Joint LPA studies benefit from economies of scale, better reflect functional planning areas and tend towards easier comparison. Some examples include:

- floorspace availability by rent and size
- rents by grade
- office land values
- construction rates
- trends and demand

**Distinctive, economic and property challenges:**

- stock condition
- likely future changes to stock
- known infrastructure issues
- marketability of sites

### Forecasts and projections

The following set of 'Forecasts and Projections' may also be useful to inform the review of planning strategies at the regional and sub-regional level:

- **demographic** (population and household) (ONS and CLG). Bespoke models may be appropriate
- **economic** (GVA). Usually regional or sub-regional. This measures the difference between the value of the output businesses and the value of their inputs and is on a regional and county/unitary authority basis
- **spatial implications of forecasts and projections** (modelling based upon sectional and spatial implications of economic change)

## PART 3: Consultation Impact Assessment

Summary: Intervention & Options		
<b>Department /Agency:</b> Communities and Local Government	<b>Title:</b> Impact Assessment of draft Planning Policy Statement Planning for Prosperous Economies	
<b>Stage:</b> Consultation	<b>Version:</b>	<b>Date:</b> April 2009
<b>Related Publications:</b> Consultation Paper on a New Planning Policy Statement 4: Planning for Sustainable Economic Development; Proposed changes to Planning Policy Statement 6: Planning for Town Centres		

**Available to view or download at:**

<http://www.communities.gov.uk/publications/planningandbuilding/consultationeconomicdevelopment>  
<http://www.communities.gov.uk/archived/publications/planningandbuilding/pp6consultation>

**Contact for enquiries:** Nick Tennant

**Telephone:** 020 7944 8731

**What is the problem under consideration? Why is government intervention necessary?**

The Government made a commitment in the Planning White Paper (2007) to significantly streamline the planning policy framework to achieve a more strategic, clear and focused framework. This draft Planning Policy Statement brings together the proposals in draft PPS 4 and the proposed revisions to PPS 6, as well as incorporating the economic policy of Sustainable Development in Rural Areas (PPS 7) and existing guidance on Simplified Planning Zones (PPG5). By streamlining these elements, as well as the extant policy in PPS 6, the Government supports more efficient plan making and decision taking as well as a reduction in jargon, thus reducing the burdens on business.



### What are the policy objectives and the intended effects?

The Government's objectives are to streamline planning policy to provide a clear and positive policy framework for economic growth by:

- achieving sustainable economic growth
- raising the productivity growth rate of the UK economy – by promoting investment, innovation, competition, skills and enterprise and providing job opportunities for all
- building prosperous communities by improving the economic performance of cities, regions, sub-regions and local areas and reducing the gap between regions, promoting regeneration and tackling deprivation
- delivering more sustainable patterns of development, and responding to climate change
- promoting high quality and inclusive design, improving the quality of the public realm and open spaces
- improving accessibility, ensuring that existing or new development is, or will be, accessible and well-served by a choice of means of transport including reducing the need to travel and providing alternatives to car use
- promoting the vitality and viability of town and other centres as important places for communities and ensuring that they are economically successful recognising that they are important drivers for regional, sub-regional and local economies and
- promoting social inclusion, ensuring that communities have access to a range of main town centre uses, and that deficiencies in provision in areas with poor access to facilities are remedied

### What policy options have been considered? Please justify any preferred option.

Three options have been considered:

Option A: A single, streamlined, comprehensive national planning policy statement covering policies related to economic development;

Option B: To maintain the current suite of national planning policy documents relating to economic development, and streamline them separately; and

Option C: To maintain the current suite of planning policy documents, updating the policy, but not streamlining at this time.

Option A is the Government's preferred option as it offers the most benefits in terms of achieving a strategic, integrated and fit-for-purpose planning framework for sustainable economic development.

**When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?**

The effectiveness of this policy will be monitored through the preparation of annual monitoring reports by Regional Planning Bodies and Local Planning Authorities. The Government will draw upon these reports to keep the effectiveness of this policy under review.

**Ministerial Sign-off** For Consultation Stage Impact Assessments:

***I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.***

Signed by the responsible Minister:

A handwritten signature in black ink, appearing to read "Hargover Becken". The signature is written in a cursive, slightly slanted style.

**Date:** April 2009

Summary: Analysis & Evidence			
Policy Option: A		Description: Implement a single, streamlined, comprehensive national planning policy statement covering policies related to economic development	
<b>COSTS</b>	ANNUAL COSTS		Description and scale of <b>key monetised costs</b> by 'main affected groups'
	<b>One-off</b> (Transition)	<b>Yrs</b>	
	£		Sections 1-3 outline the challenges in quantifying the potential impacts of i) streamlining planning policy, ii) the revisions proposed to town centre policies and iii) the approach proposed to planning for economic development. The main groups affected will be local planning authorities and regional planning bodies; businesses; commercial developers and members of the general public.
	<b>Average Annual Cost</b> (excluding one-off)		
	£		
		<b>Total Cost</b> (PV)	£
Other <b>key non-monetised costs</b> by 'main affected groups'			
Familiarisation costs for local planning authorities, regional planning bodies and businesses.			
<b>BENEFITS</b>	ANNUAL BENEFITS		Description and scale of <b>key monetised benefits</b> by 'main affected groups'
	<b>One-off</b>	<b>Yrs</b>	
	£		Sections 1-3 outlines the challenges in quantifying the potential impacts of i) streamlining planning policy, ii) the revisions proposed to town centre policies and iii) the approach proposed to planning for economic development. The main groups affected will be local planning authorities and regional planning bodies; businesses; commercial developers and members of the general public.
	<b>Average Annual Benefit</b> (excluding one-off)		
	£		
		<b>Total Benefit</b> (PV)	£
Other <b>key non-monetised benefits</b> by 'main affected groups'			
There will be resource savings for local planning authorities and regional planning bodies as clearer streamlined policy enables better plan-making. Implementing a single, streamlined policy will minimise complexity and duplication, and offer the greatest benefits from streamlining. Businesses will benefit from improved clarity which leads to better applications with a greater chance of success and fewer delays in the process. The policy changes should lead to better planning decisions which encourage economic development and faster regeneration in deprived areas, benefiting the public.			

<b>Key Assumptions/Sensitivities/Risks</b>					
Policy will be implemented by local planning authorities and regional planning bodies.					
<b>Price Base Year</b>	<b>Time Period Years</b>	<b>Net Benefit Range (NPV)</b>	<b>NET BENEFIT (NPV Best estimate)</b>		
What is the geographic coverage of the policy/option?			England		
On what date will the policy be implemented?			Winter 2009		
Which organisation(s) will enforce the policy?			RPBs/LPAs		
What is the total annual cost of enforcement for these organisations?			£N/A		
Does enforcement comply with Hampton principles?			N/A		
Will implementation go beyond minimum EU requirements?			N/A		
What is the value of the proposed offsetting measure per year?			£0		
What is the value of changes in greenhouse gas emissions?			£0		
Will the proposal have a significant impact on competition?			No		
Annual cost (£-£) per organisation (excluding one-off)		Micro	Small	Medium	Large
Are any of these organisations exempt?		N/A	N/A	N/A	N/A
<b>Impact on Admin Burdens Baseline</b> (2005 Prices) (Increase – Decrease)					
Increase of £		Decrease of £		<b>Net Impact £</b>	
Key:	<b>Annual costs and benefits: Constant Prices</b>			<b>(Net) Present Value</b>	

Summary: Analysis & Evidence			
Policy Option: B		Description: Maintain the current suite of national planning policy documents relating to economic development, and streamline them separately	
COSTS	<b>ANNUAL COSTS</b>		Description and scale of <b>key monetised costs</b> by 'main affected groups'  Sections 1-3 outline the challenges in quantifying the potential impacts of i) streamlining planning policy, ii) the revisions proposed to town centre policies and iii) the approach proposed to planning for economic development. The main groups affected will be local planning authorities and regional planning bodies; businesses; commercial developers and members of the general public.
	<b>One-off</b> (Transition)	<b>Yrs</b>	
	£		
	<b>Average Annual Cost</b> (excluding one-off)		
	£		<b>Total Cost</b> (PV)
Other <b>key non-monetised costs</b> by 'main affected groups'  Familiarisation costs for local planning authorities, regional planning bodies and businesses.			
BENEFITS	<b>ANNUAL BENEFITS</b>		Description and scale of <b>key monetised benefits</b> by 'main affected groups'  Sections 1-3 outline the challenges in quantifying the potential impacts of i) streamlining planning policy, ii) the revisions proposed to town centre policies and iii) the approach proposed to planning for economic development. The main groups affected will be local planning authorities and regional planning bodies; businesses; commercial developers and members of the general public.
	<b>One-off</b>	<b>Yrs</b>	
	£		
	<b>Average Annual Benefit</b> (excluding one-off)		
	£		<b>Total Benefit</b> (PV)
Other <b>key non-monetised benefits</b> by 'main affected groups'  There will be resource savings for local planning authorities and regional planning bodies as clearer streamlined policy enables better plan-making. Businesses will benefit from improved clarity which leads to better applications with a greater chance of success and fewer delays in the process. The policy changes should lead to better planning decisions which encourage economic development and faster regeneration in deprived areas, benefiting the public.			

<b>Key Assumptions/Sensitivities/Risks</b>					
Policy will be implemented by local planning authorities and regional planning bodies.					
<b>Price Base Year</b>	<b>Time Period Years</b>	<b>Net Benefit Range (NPV)</b>	<b>NET BENEFIT (NPV Best estimate)</b>		
What is the geographic coverage of the policy/option?			England		
On what date will the policy be implemented?			Winter 2009		
Which organisation(s) will enforce the policy?			RPBs/LPAs		
What is the total annual cost of enforcement for these organisations?			£N/A		
Does enforcement comply with Hampton principles?			N/A		
Will implementation go beyond minimum EU requirements?			N/A		
What is the value of the proposed offsetting measure per year?			£0		
What is the value of changes in greenhouse gas emissions?			£0		
Will the proposal have a significant impact on competition?			No		
Annual cost (£-£) per organisation (excluding one-off)		Micro	Small	Medium	Large
Are any of these organisations exempt?		N/A	N/A	N/A	N/A
<b>Impact on Admin Burdens Baseline</b> (2005 Prices) (Increase – Decrease)					
Increase of £		Decrease of £		<b>Net Impact £</b>	
Key:	<b>Annual costs and benefits: Constant Prices</b>			<b>(Net) Present Value</b>	

## Evidence Base (for summary sheets)

### Background

The Government's white paper *Planning for a Sustainable Future*<sup>20</sup> (May 2007) made a number of commitments, including:

- the need to ensure that the planning system provides a positive approach to economic development by revising Planning Policy Guidance Note 4: *Industrial, Commercial Development and Small Firms* (PPG4), which dates back to 1992
- the need to improve the effectiveness of policy set out in Planning Policy Statement 6: *Planning for Town Centres* (PPS6); in particular how proposals outside town centres should be assessed and how the policy could better address competition and consumer choice considerations and
- to review the national planning policy framework to achieve a more strategic, clear and focused framework, providing an improved context for plan making and decision taking at the local level

Since the Planning white paper was published, the Government has been considering its strategy for delivering its commitment to review the planning policy framework. It published a new draft planning policy statement on sustainable economic development in December 2007 to replace PPG4, and proposed changes to PPS6 in July 2008.

Approximately 320 and 370 responses were received to these consultation documents respectively.

However, since these consultation documents were published:

- economic conditions have changed significantly. The Government is committed to ensuring that its policy and regulatory regimes are fit-for-purpose, robust to changes in the economy and in particular, provide a framework to support economic recovery. The current economic conditions reinforce the need to streamline policy so that national policy only guides spatial planning where there is a good case to do so
- the Taylor Review of Rural Economy and Affordable Housing *Living Working Countryside*, reported in summer 2008. It recommended that the planning system promote a more positive approach to rural economic development which recognises that all types of business and enterprise can be appropriate for rural areas, subject to assessment of their impact based upon local circumstances and conditions and
- the Killian Pretty Review has considered afresh the impact of the complexity of the national planning framework on the planning application process. It specifically recommended that planning policy should be focused on the needs of the user, by organising it around the processes of plan making and decision taking, rather than around broad policy objectives

<sup>20</sup> <http://www.communities.gov.uk/publications/planningandbuilding/planningsustainablefuture>

## Rationale for intervention

Given the recent developments set out above, the Government has decided to think again about how it presents its policy on planning for economic growth and how best to meet the commitments made in the Planning white paper. The white paper said that the current nature of the national planning policy framework causes delays and complexity. Through intervention, the Government intends to address these issues and move towards creating a more efficient and effective national planning system which allows a more positive and proactive approach to planning.

The preferred policy options set out in both the PPS4 and PPS6 consultation documents remain credible and robust proposals, although some further changes are proposed to clarify the Government's aims and objectives in the light of consultation responses and current and potential future economic market conditions. The rationale for the proposed changes is examined more fully in the following sections of the evidence base which discuss these policy areas. Where no changes to extant policy in PPS6 and PPS7 are proposed other than streamlining, these policies are not considered by this impact assessment.

## Objectives

The key objective of streamlining planning policy is to provide a clear and positive policy framework within which sustainable economic development can be delivered. This reflects the detailed objectives of the white paper commitment to streamline policy to ensure that:

- decision making is devolved to the local level, where appropriate
- the evidence base for plan making and decision taking is proportionate
- planning provides a positive framework
- planning is only used where it is an appropriate lever for delivery and
- policy is structured with users in mind, reflecting a Killian Pretty recommendation

The Government's objectives for achieving economic development growth are set out on page 27.



## Overview of options

Three options have been considered:

### **A: Producing a single, streamlined, comprehensive national planning policy statement, *Planning for prosperous economies*, covering policies related to economic development.**

This new planning policy statement would bring together:

- draft PPS4, reflecting the outcome of the consultation early last year
- PPG5 Simplified Planning Zones;
- the PPS6 proposed changes, reflecting the outcome of the consultation in summer last year
- the remaining policies in PPS6, unaffected by the PPS6 proposed changes and
- the economic policies of *Sustainable Development in Rural Areas* (PPS7), incorporating the Government's response to the Taylor review's recommendations regarding planning for the economy in rural areas

As part of this, remaining sections of PPG5 would be reclassified as practice guidance. The other (non-economic) parts of PPS7 will remain extant.

### **B: Maintaining the current suite of national planning policy documents relating to economic development, and streamlining them separately.**

Under this option draft PPS 4 and the proposed changes to PPS6 would be taken forward separately and consultation responses taken into account. As well as making the proposed policy updates, the documents would be streamlined separately.

### **C: Maintaining the current suite of planning policy documents, updating the policy, but not streamlining at this time.**

Under this option draft PPS 4 and the proposed changes to PPS 6 would be taken forward separately. Consultation responses would be taken into account and these planning policy statements would be published separately, with no attempt made to streamline them at this time.

Option A is the Government's preferred option as it offers the most benefits in terms of achieving a strategic, integrated and fit-for-purpose planning framework for economic development. Whilst it is likely to generate the highest familiarisation costs, these will be quickly offset by savings in compliance costs.

## Structure of impact assessment

For clarity, this revised consultation stage impact assessment is structured in three parts, with sections in the evidence base addressing:

- 1) streamlining policy as set out in the Planning white paper
- 2) the preferred policy option set out in the PPS6 proposed changes consultation document and
- 3) the preferred policy option set out in the draft PPS4 consultation document

Section 1 outlines the costs and benefits of the three options (A, B and C above) with respect to streamlining policy.

Sections 2 and 3 take forward the evidence bases which supported the preferred options in the consultation documents on draft PPS4 and PPS6, taking account of consultation responses, and updating the analysis in the light of current economic conditions and likely future market behaviour. The costs and benefits identified in these sections will be generated to varying degrees by all three proposed options. A number of changes are proposed in respect to PPG4 and some elements of PPS7 in response to the recommendations of the Taylor Review of Rural Economy and Affordable Housing.

## Overall costs and benefits

Sections 1-3 consider separately the costs and benefits associated with i) streamlining planning policy, ii) the revisions proposed to planning for town centre policies and iii) the approach proposed to planning for economic development. Overall, we consider that the proposals set out in Sections 1-3 will result in clear and significant net benefits as:

- streamlining planning policy should not impose any extra costs, and there is potential for real cost savings in the medium to long term by presenting policies for economic development in an integrated way, particularly in terms of speedier and better quality plan-making and decision taking in respect to planning applications
- the revisions proposed to planning for town centres policy are amendments to existing policy as set out in PPS6. They are designed to improve the effectiveness of this approach rather than fundamentally changing the policy. The key change proposed in terms of replacing the existing need and impact tests with an improved, clearer impact test, will lead to greater certainty for business, particularly when making planning applications which should result in fewer planning appeals and challenges and

- the proposed approach to planning for economic development is intended to build upon existing policy as set out in PPG4 by reinforcing messages and emphasising certain aspects of the approach. By requiring local authorities to better understand market needs, the approach will result in authorities providing sufficient land for the different needs of business, identifying a good range of sites in suitable locations. Linked to this, it requires regions and local authorities to develop more flexible approaches to planning for economic development so that they can respond to changing market conditions.

## EVIDENCE BASE (FOR SUMMARY SHEETS)

### SECTION 1: STREAMLINING POLICY

This section examines the costs and benefits of the three options with respect to streamlining planning policy.

#### Sectors and groups affected

The proposed policy potentially has an impact on the following:

- local planning authorities and regional planning bodies<sup>21</sup>
- businesses of all sizes
- commercial developers and
- the general public, as potential employees and customers, and who may be affected by the results of development proposals

#### The streamlining process

Streamlining is the process of separating policy from guidance, organising policy material around the key planning processes (plan making and decision taking), and removing policy duplication. The aim is a strategic and user-friendly planning framework.

##### Cost benefit analysis

It has not been possible to robustly quantify the benefits and costs of streamlining policy given the inherent difficulties of assessing the impact of changes in the way that policy is structured and presented. However, analysis for the Killian Pretty Review<sup>22</sup> provides some context for what the benefits of streamlining could look like if they were implemented across the planning system as a whole.

The Killian Pretty review considered that if Government overhauled and simplified the national policy framework and the secondary legislation for the process of planning applications, this would enable faster and more effective handling of applications by reducing the inherent complexity in the process. They estimated that this complexity costs applicants a total of £750m per year in consultants and legal fees, and that a 10 per cent reduction would save applicants £75m per year and local authorities £30m per year.

<sup>21</sup> Referred to as 'local authorities' and 'regions' throughout the rest of the summary

<sup>22</sup> The Killian Pretty Review Planning applications: A faster and more responsive system (November 2008)  
[http://www.planningportal.gov.uk/uploads/kpr/kpr\\_final-report.pdf](http://www.planningportal.gov.uk/uploads/kpr/kpr_final-report.pdf)

## **Option A: A single, streamlined, comprehensive national planning policy statement covering policies related to economic development**

### **Benefits**

Practitioners are clear about what is expected of them, and on which matters they have discretion

Separating policy from guidance enables policy documents to be short and focussed on policy requirements only. Where necessary, Government will provide practical guidance on implementing the policy separately.

The benefit for users is that the outcomes they should be working towards are clear, as are the policy principles that they are expected to follow to deliver these objectives. As guidance is set out separately from policy, this indicates that there is discretion in the way in which users (primarily local authorities) can deliver the outcomes and policy principles.

Being clear where there is discretion and flexibility encourages local authorities to consider what is best for their local circumstances, by using or adapting the guidance as they see fit, or developing their own approach.

#### Resource and time savings

Restructuring the policy documents with key users in mind has an important 'reading and complying benefit' for many users – they don't have to read the whole policy document to ensure they have not missed a crucial instruction, but can dip in and out of the document as necessary. This translates into resource savings for local authorities and applicants for planning permission, speedier plans and decisions, and better applications for development, which have a greater chance of success (and hence lead to fewer planning appeals).

#### Minimises duplication and complexity

Bringing together economic related policy in a single document offers the greatest streamlining savings and is most useable for practitioners as it cuts out duplication and minimises complexity for users. Instead of looking at several policy documents, they will only need to look at one.

#### Encourages strategic thinking

Consolidating economic related policy into a single document enables Government to set out a clear, integrated and strategic approach for planning for economic prosperity. This should help regions and local authorities to be more strategic in their approach, by better understanding the interrelationships and interdependencies between economic activities in their areas and subsequently making more informed judgements when developing and choosing policy options to ensure that their economies prosper over the long term. A linked benefit will be greater economies of scale and operational savings derived from developing shared evidence bases and more joined up approaches to policy making.

### Costs

We consider overall that streamlining the policy should not impose any extra costs. Instead, it should result in clear and significant net benefits, with the potential for real cost savings in the medium to long term. For Option A, whilst there are likely to be familiarisation costs for business and commercial developers, local authorities and regions in adapting to the new approach, these will be offset quickly by the savings in compliance costs derived from presenting the Government's policies for economic development in an integrated, streamlined way (reflecting the Killian Pretty analysis above). In other words, all parties will immediately benefit from the resource and time savings derived from having a single document, which in turn should lead to speedier and better quality plan-making and decision taking in respect to planning applications, with a better chance of success.

### **Option B: Maintaining the current suite of national planning policy documents relating to economic development and streamlining them separately**

#### **Benefits**

##### Streamlining benefits

Option B would also generate many of the streamlining benefits identified under Option A (i) and (ii). It would not have all the benefits of Option A given that there would still be some necessary duplication as economic-related policy would remain in separate policy documents, which would discourage strategic thinking and lead to no reduction in duplication. However, practitioners would be clear about what is expected of them, and where they were able to use their discretion, and the more user-friendly documents would lead to resource savings and better quality planning applications.

##### Familiarity

By keeping existing policy documents separate and streamlining them individually Option B would retain the framework with which users are familiar.

##### Costs

There are likely to be some familiarisation costs for local authorities, regions, business and commercial developers using the streamlined documents. These would not be as great as for Option A given that the existing framework would be retained. However, the savings in compliance costs through better quality applications (and greater efficiency in the decision-making process) and plan making would also not be as great as those achieved under Option A.

### **Option C: Maintaining the current suite of planning policy documents, updating the policy but not streamlining at this time**

#### **Benefits**

The benefit of not streamlining is that it retains a framework with which users are familiar and therefore avoids the familiarisation costs that are likely to be incurred under Options A and B.

#### **Costs**

Option C does not impose costs although continuing to pursue the status quo foregoes the benefits of moving to a streamlined policy framework, in particular the reduction in complexity and the attendant cost savings. The drivers for streamlining policy relating to planning for economic development (as already discussed in the background) are compelling, and not streamlining policy now would be an opportunity missed. Indeed, it makes sense to streamline and update policy at the same time, rather than separately which would have the potential to be more disruptive and could distract practitioners' focus from implementing and delivering the policies' objectives.

#### **Summary of preferred option**

Option A is likely to generate the highest familiarisation costs, but these will be quickly offset by higher compliance cost savings than Option B because of the extra streamlining benefits it offers. The benefit of Option B is that it would retain the framework with which users are familiar. Option C is not considered favourable as it will not generate any of the benefits of streamlining outlined above.

Overall, Option A is our preferred option as it offers greater potential benefits than either of the other options and any familiarisation costs will be offset quickly by such savings.

**Evidence is welcomed from consultees on the benefits and costs set out above in respect to streamlining policy, Options A and B.**

### **OTHER IMPACT TESTS (OPTION A)**

The following section focuses upon the impact of streamlining in respect to other impact considerations. Specific issues relating to the proposed policies are covered under 'Other Impact Tests' in Sections 2 and 3.

#### **Small Firms Impact Test**

Option A would offer considerable benefits for small firms, and potentially these would be proportionately greater than for larger firms. A streamlined and well organised policy document will mean that policy expectations are easier to understand and comply with, so that applicants will submit better planning applications which have a greater chance of success. This benefits small firms in particular, which are more likely to submit planning

applications themselves than larger firms (who are more likely to employ consultants, or have in-house expertise).

#### Competition Assessment

Option A will have no impact on competition.

There is potential for streamlining and making the policy more user-friendly to positively promote competition by reducing the barriers to entry into the market.

#### Legal Aid

Option A will have no impact.

#### Sustainable Development, Carbon assessment, Other Environment

Option A will have no impact.

#### Health Impact Assessment

Option A will have no impact.

#### Race, Disability, Gender and Other Equality

Option A will have no impact.

#### Human Rights

Option A will have no impact.

#### Rural Proofing

Option A will have no impact.

#### Enforcement, sanctions and monitoring

Irrespective of which Option is chosen, the enforcement, sanctions and monitoring procedures will be the same. These are covered in more detail in Sections 2 and 3 of this evidence summary.

#### Implementation and delivery plan

We shall take into account the responses to this consultation in implementing our proposals and these will inform any final policy revisions in 2009.

We anticipate there will be a widespread 'roll-out' of any revised policy with a wide range of stakeholders; including business, local authorities and regions to build capacity and promote the robust implementation of the policy and its accompanying guidance. This is particularly key for our preferred Option A, to ensure familiarisation costs are kept to a minimum.



**Post-implementation review**

Although the Government will monitor the impact of the policy, it has no current plans for a further review once this planning policy statement has been finalised.

**Specific Impact Tests: Checklist**

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

**Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.**

<b>Type of testing undertaken</b>	<b>Results in Evidence Base?</b>	<b>Results annexed?</b>
Competition Assessment	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	Yes	No
Sustainable Development	Yes	No
Carbon Assessment	Yes	No
Other Environment	Yes	No
Health Impact Assessment	Yes	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	Yes	No
Rural Proofing	Yes	No

## SECTION 2 EVIDENCE BASE (FOR SUMMARY SHEETS): CONSULTATION IMPACT ASSESSMENT OF TOWN CENTRE PLANNING POLICIES

### Background

Published in March 2005, PPS6 has taken forward the Government's longstanding policy objective of promoting vital and viable town centres through a town centre-first policy (previously set out in Planning Policy Guidance Note 6: *Town Centres and Retail Developments* revised in 1996). The increase in the proportion of retail development going into town centre and edge of centre locations, from less than 25 per cent in 1994 to 42 per cent in 2006, is a measure of the success of the policy over a number of years.

The Government consulted on proposed changes to PPS6 in July 2008 and published a consultation stage impact assessment alongside the consultation document. This section of the evidence base updates the analysis of the impacts of the preferred option set out in those proposed changes.

### Challenges for town centre policy

In terms of safeguarding the vitality and viability of town centres, the Government's town centre policy faces a number of future challenges, including changing consumer and retailer behaviours arising from a number of wider economic changes such as:

- higher levels of car ownership
- competition from internet retailers
- technological development and global markets leading to increased choice in terms of products and services and
- consumer behavioural change such as combined leisure/shopping trips, one-stop and top up convenience shopping

These factors, amongst others, have in recent years provided both opportunities and risks to retailers. The top retailers and larger format grocers have become increasingly dominant in the market, and shopping centres have benefited from being able to allow consumers to combine retail and leisure experiences into single trips.

In addition, since the PPS6 consultation document was published, the slowdown in the global economy has intensified, which has implications for the UK economy and retail market trends over the short to medium term, with falls in consumer confidence affecting retail sales. The current economic situation needs to be taken into account when considering changes to town centre policy. Further analysis of the impact of economic conditions on current and future trends in retail development and the implications for town centre policy is discussed in Annex A.

## Why is government intervention necessary?

The proposed changes are intended to meet the commitments made in the Government's white paper *Planning for a Sustainable Future*<sup>23</sup> to improve the effectiveness of policy, focusing in particular on revisions to the policy framework for considering proposals for development outside town centres. The need test is removed from the policy framework and replaced with an improved impact test. This is in response to Kate Barker's conclusions that the need test has proved, in some respects, to be a blunt instrument and can have the unintended effect of restricting competition and limiting consumer choice<sup>24</sup>. In addition, there is often limited supporting analysis in impact assessments of how impact on town centres has been considered and in many cases assessment focuses narrowly on trade diversion effects and on specific businesses in town centres without proper consideration of the wider impacts on their vitality and viability. The improved impact test will provide a clearer, more robust and holistic policy framework for assessing the impact of development proposals, allowing local authorities to better respond to the challenges outlined above.

## Overview of option

The preferred policy option (Option A) set out in the PPS6 proposed changes document, published in July 2008, is taken forward in this consultation document, having regard to consultation responses (including comments on the partial impact assessment) and current and likely future market conditions. The summary of consultation responses<sup>25</sup> revealed that respondents generally agreed that the need test had not worked well in practice, and that the proposed changes would maintain the focus on town centre investment, noting that a strong impact test was crucial to ensuring that proposals for out of centre development are properly assessed for their impact on town centre vitality and viability.

This impact assessment does not reconsider the effectiveness of the current 'need' test, as the justification for its removal is described in detail in the PPS6 consultation document, in particular Annex A (section C) and Annex C, and is therefore not repeated here.

In addition, it does not address the recommendation for a competition test relating to the Competition Commission's report, following their market investigation of groceries in the UK (30 April 2008). The Government's response to the report, published in July 2008, accepted this was an important recommendation which the Government was considering carefully. It noted that Tesco had appealed the decision to the Competition Appeals Tribunal. The Competition Appeal Tribunal has recently upheld Tesco's appeal, so the Government is awaiting the Competition Commission's response to the judgement before we decide how to proceed.

<sup>23</sup> Planning for a Sustainable Future: White Paper (HMSO, 2007)

<sup>24</sup> Barker Review of Land Use Planning Final Report (HMSO, 2006)

<sup>25</sup> Summary of public consultation responses to proposed changes to PPS6 (CLG, 2009)

## **Implement policy changes in respect to planning for town centres**

The key change remains the replacement of the current need and impact tests with an improved impact test which, supported by good practice guidance, will continue the strong focus on the town centre first policy.

The proposed scope of the new impact test is wide ranging, bringing together the range of impacts which need to be considered, including:

- the full range of economic, social and environmental (including town centre) impacts
- taking more account of consumer choice and retail diversity and
- the need to assess impacts arising from the scale of a proposal as well as transport and accessibility considerations

The new test identifies two categories of impact: key impact measures and wider impact considerations<sup>26</sup> which need to be tested in the context of local circumstances. Figure 1 overleaf illustrates this approach in respect to the impact considerations identified in the proposed changes.

The changes proposed will provide a more effective policy framework by:

- providing a more transparent framework which clearly sets out, through a single impact test, the considerations which local planning authorities and regional planning bodies must take into account in respect to plan-making and assessing planning proposals for new development not in accordance with an up to date development plan, which are on sites outside town centres and
- removing the current need test and its unintended effects, and creating a robust, holistic impact test that brings together a wide range of impact considerations, including design quality, climate change considerations, and promoting competition and improved consumer choice. This approach builds on the Barker review, which noted some unintended effects of the need test in that it may protect incumbents and give preference to operators with lower sales densities. By removing the need test as a separate consideration these unintended effects should be eliminated, leaving decisions on the financial risks of development to those best qualified to take them, as Barker recommended

In terms of assessing impact as part of considering planning applications for town centre uses, local authorities will be required to assess whether the proposal would have a significant adverse impact in respect to one or more of the key impact considerations.

<sup>26</sup> Authorities will be required to consider the wider impact considerations in Policy EC20 unless they have identified locally important impacts in their development plan.

The policy maintains the town centre first approach through the requirement for applicants to look for the most central sites (the sequential approach). Applicants will continue to have to demonstrate that there are no more central sites which can accommodate proposed development. The impact test will continue to be applied to retail and leisure development or proposals for other main town centre uses over 2,500 square metres (in an edge-of-centre or out of-centre location, which are not in accordance with an up-to-date development plan) unless authorities set specific thresholds in their plans<sup>27</sup>. It could also be applied to smaller developments which are likely to have a significant impact on smaller town centres, depending on the relative size and nature of the development in relation to the centre.

Many respondents to the PPS6 consultation document expressed concerns that the absence of draft practice guidance made it difficult to comment on the policy proposals, particularly the new impact test, noting that guidance is crucial to effective and consistent implementation of the proposed changes. It is intended that the revised policy will be supported by good practice guidance which will, when published alongside the final policy, set out how impact considerations can be applied in practice.

### **Sectors and groups affected**

The proposed policy potentially has an impact on the following:

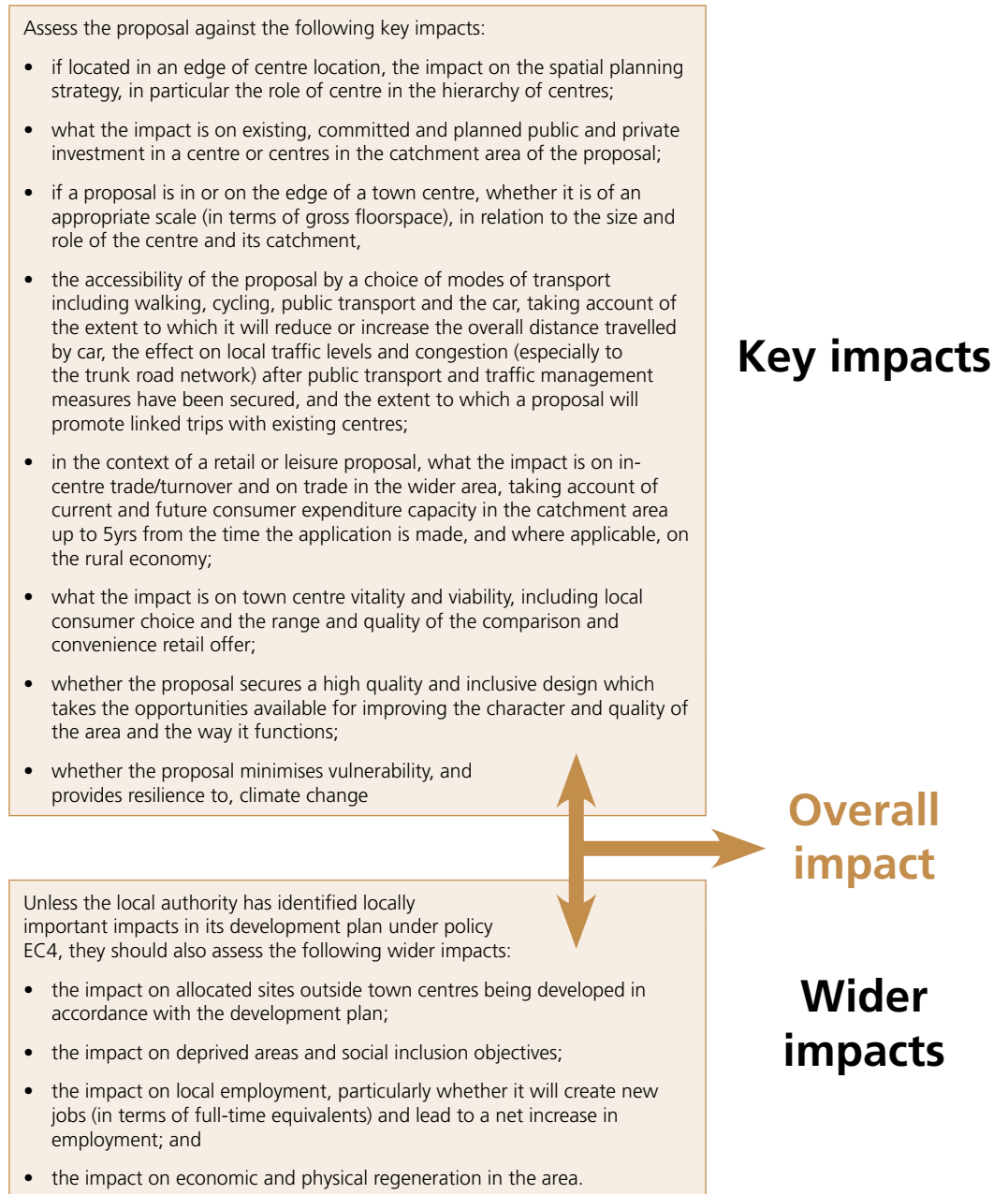
- local planning authorities and regional planning bodies<sup>28</sup>
- businesses of all sizes
- commercial developers and
- the general public, as potential employees and customers, and who may be affected by the results of development proposals

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<sup>27</sup> See policies EC5 and EC18.5

<sup>28</sup> Referred to as 'local authorities' and 'regions' throughout the rest of the summary

**Figure 1: Revised approach to assessing impact**



## COSTS AND BENEFITS

### Quantifying Impacts

An accurate quantification of the impact of the proposed changes is challenging. National planning policy is not applied directly by Central Government. In order for the Government to fulfil its devolutionary commitment, local authorities have primary control over plan making and development control decisions. Planning policy statements are important considerations for plan making and development control but it is for regions and local authorities to apply them in the light of their circumstances. It is therefore difficult to quantify the impact of these proposed changes in respect to planning for town centres as the real impact will depend upon how local authorities and regions respond to them.

In terms of assessing overall impact, it is important to bear in mind that the proposed changes:

- only affect new development not in accordance with an up to date development plan. In other words, proposals that accord with the plan should not require impact testing
- are amendments to existing national planning for town centres policy which are designed to improve the effectiveness of the approach- they are not revisiting the fundamental objectives of the policy and
- it is expected that the impacts of the changes will differ from centre to centre and location to location. Impacts arising from a proposal may differ widely depending upon the existing provision of retail, leisure and other local services in town centres, how current and future economic conditions affect a locality, and the varying timescale over which new development is brought forward

These factors make such impacts difficult to quantify. That said, the proposal is expected to bring overall benefits to the general public, regions and local authorities, commercial developers and businesses, as described below.

#### Benefits

##### More transparency and certainty

The impact criteria, against which plans should be developed and proposals should be assessed, will be clearly expressed in the revised national planning policy, supported by good practice guidance illustrating how local authorities can apply such considerations. This increased clarity should result in more transparent policy frameworks in plans.

The greater transparency afforded by the new impact test should lead to greater certainty for businesses, particularly when making planning applications for developments not in accordance with up to date development plans, on sites outside town centres, and this should incentivise proposals to come forward by reducing costs for businesses. Although in the short term, wider economic conditions may cause an overall slowdown in development

proposals, the proposed changes will help to support economic recovery, as greater certainty will encourage development proposals to come forward when economic conditions improve.

As the criteria against which impacts are measured will be clearer, it is likely that the quality of applications provided by developers will improve. This means that proposals are more likely to be approved, providing they are consistent with the Government's policy objectives for town centres. Where a proposal is not granted planning permission, the proposed changes will require local authorities to have in place a clear framework to support their decisions in respect to the impact considerations. This should help to reduce the number of planning appeals and challenges along with their attendant costs for appellants and authorities.

### **A more holistic assessment**

The proposed impact test brings together a range of impact considerations to create a more holistic test which local authorities should apply in respect to both plan-making and assessing planning proposals, helping to ensure decisions with more efficient outcomes by taking full account of the range of potential impacts of development. Currently, the operation of the need test in practice can lead to proposals being refused solely on the basis of need, even where there are positive impacts that outweigh the costs of development.

The impacts of a more holistic assessment are considered under three headings:

- effect on future levels of development
- promoting greater choice for consumers and
- encouraging sustainable development

#### **Effect on future levels of development**

In the short term, it is likely that the overall amount of new development in town centres will continue to slowdown as investor confidence is affected by the current economic climate and reduced access to credit.

However, as confidence returns to the retail market over the medium term, we expect the amount of development going into town and edge of centre locations to increase, as local authorities take forward the policy requirement to plan proactively for the expansion of their centres and allocate sufficient sites for future needs, and rigorously test the impact of unplanned proposals. The increased transparency of the policy framework used by local authorities in making decisions about development outside town centre locations (not in accordance with the development plan) will provide certainty for town centre investment, particularly when supported by practice guidance and the continued requirement for developers to look for the most central sites (the sequential approach), as set out in existing town centre policy.



The more holistic impact test will be used to rigorously test unplanned proposals. It is reasonable to expect that the absence of the need test could lead to development proposals coming forward which would not have been promoted previously. It will be for investors to establish whether they think a development is needed or not, and then for a proposal (in an edge-of-centre or out of-centre location, and which is not in accordance with an up-to-date development plan) to be subjected to a rigorous examination of its positive and negative impacts. Where previously a development proposal might have been refused on the basis of need (which might have been beneficial if its impacts against town centre policy objectives had been appropriately considered) with developers then having to look to other markets or locations, local authorities will now have to consider the specific impacts of such proposals. This is because, under the current policy, the consideration of need is often, wrongly, considered to be a pass or fail test, with limited consideration often being given to the impact of a proposal

Linked to above, the Government expects local authorities to apply the revised policy to ensure that town centres remain the focus for new development. However, it is possible that these proposed changes could lead to some additional unplanned proposals coming forward, particularly in edge-of-centre locations where town centre capacity is limited. Such proposals will need to be consistent with the Government's policy objectives for town centres, with the strengthened impact test helping to ensure that, amongst other things, development is of a high quality design and does not have a significant adverse impact in respect to one or more of the key impact considerations.

#### Promoting greater choice for consumers

The proposals emphasise the need for local authorities to consider consumer choice in respect to both plan making and determining planning applications. In terms of plan making, the proposals require local authorities to plan for a range of shopping, leisure, tourism and cultural services in terms of the range of goods and stores that are available to consumers, and identify sites for varying uses and store types, having regard to consumer choice and promoting competition.

In respect to planning applications, local authorities will be required to consider the impact of proposals on consumer choice. This consideration will mean that new development that increases retail diversity may be allowed where, inter alia, it secures high quality design and does not have significantly adverse impacts in respect to any of the key impact considerations, and is consistent with the Government's policy objectives for town centres. Whilst current market conditions are leading to a marked slowdown overall in development proposals in the short term, and could result in the closure of retail, leisure and service facilities in some areas, the proposed changes will help to safeguard town centre viability and vitality and promote improved consumer choice as market conditions improve.

### Encouraging sustainable development

The proposals support sustainable development and creating better places by requiring local authorities to consider as part of the impact test:

- the design quality of development proposals – the strengthened test explains that proposals may be refused on the grounds of failing to secure a high quality and inclusive design
- whether the proposal has been planned over the lifetime of the development to limit carbon dioxide emissions and minimise vulnerability and provide resilience in respect to climate change<sup>29</sup>
- the accessibility of proposals by a choice of modes of transport including walking, cycling, public transport and the car
- the degree to which proposals support economic growth, including assessing the impact of proposals on local employment, particularly in terms of creating new jobs in the area and
- the impact of development in respect to deprived areas, social inclusion and economic/physical regeneration

To summarise, the policy will deliver significant benefits as set out above. These in turn will contribute to the Government's objectives for economic development, particularly in respect to raising the productivity growth rate of the UK economy, ensuring the vitality and viability of town centres and promoting social inclusion.

### Costs

We consider that commercial developers, businesses, regions and local authorities are unlikely to face any extra costs, in net terms, from implementing the proposed changes. Whilst there may be some familiarisation costs for developers and local authorities in applying the policy changes, we would expect these to be offset immediately by savings derived from:

- the streamlining of planning for town centres policy and integration with other planning policy related to economic development, providing resource and user savings as outlined in Section 1
- minimisation of costs by publishing supporting good practice guidance alongside the final policy, which will illustrate how local authorities can apply the proposed changes in a proportional, cost effective manner and
- cost and resource savings linked to the removal of the need test

<sup>29</sup> This is a requirement of existing policy- see the Planning and Climate Change: Supplement to Planning Policy Statement 1 (CLG, 2007)

The proposed impact test does not propose substantive new requirements when considering impact in respect to plan making and assessing planning proposals. As Annex B shows, the proposed impact test draws together those aspects of impact which should have been considered by local authorities, rather than introducing new considerations. Therefore, the proposals should not increase the overall costs of assessments or impose additional burdens on business or local authorities. In addition, the proposals explain that that detail of any impact assessment should be proportional to the nature and detail of the proposed development.

However, many respondents to the PPS6 consultation document noted that the need for robust evidence and market information could have data and resource implications. This concern will be addressed by the good practice guidance, which we expect will identify sources of evidence in respect to the proposed changes. Further support will also be provided through the proposed new duty to undertake local economic assessments, which requires upper tier and unitary local authorities to assess the economic conditions of their areas in consultation with key partners, including district authorities. Drawing upon this assessment will help local authorities and regions to develop cost effective, proportionate evidence bases.

### **Costs to developers**

Developers will have to meet the costs of an impact assessment accompanying a planning application, where it is required. Our analysis indicates that the average cost for such an assessment is likely to be between £25,000 and £30,000. However, costs may be lower when applied to proposals on edge or out of centre sites which are below 2,500 sqm as the detail in an impact assessment should be proportionate to the size of the development. This is unlikely to be influenced significantly by whether an assessment relates to a capacity analysis to demonstrate a need for development (as is required currently) or whether the wider impacts of a proposal are being assessed. This is because there is already a requirement to consider impact under existing PPS6 policy. Responses to the PPS6 consultation document did not challenge these estimates. As Annex B shows, the proposed test will not lead to substantive new requirements in respect to considering the impact of development proposals, meaning that it should not significantly increase the costs of assessments.

In addition, the consolidated test should reduce costs for developers by providing clearer criteria to be considered when preparing a planning application. This should reduce the numbers of planning appeals and challenges to decisions, thereby saving costs to developers.

## **Costs to local planning authorities and regional planning bodies**

Reflecting the points made above in respect to developers, the proposed changes should not result in overall resource or cost increases to authorities in respect to plan-making and the consideration of planning applications. Linked to the recommendations of the Killian Pretty review<sup>30</sup>, the changes seek to make policy simpler and clearer by removing the need test and setting out a strengthened, consolidated impact test, together with more effective use of pre-application discussions. As Annex B shows, the proposed test will not lead to substantive new requirements in respect to considering impact in terms of plan making or considering development proposals, meaning that it should not significantly increase the costs of assessments, and could lead to a reduction in the numbers of planning appeals and challenges to decisions, thereby saving costs to planning authorities.

## **OTHER IMPACT TESTS**

### **Small Firms Impact Test**

As discussed in Annex A small shops and independent retailers are experiencing difficult trading conditions caused by the economic downturn. Many of the respondents to the PPS6 consultation document stressed the need for a stronger policy approach to small shops, independent retailers and small business.

Whilst the proposed changes cannot mitigate the impact of wider economic market conditions currently being experienced, they will provide an effective policy framework for new development as market conditions improve by encouraging local authorities to develop flexible approaches when preparing plan policies. Specifically, the increased emphasis upon retail diversity and consumer choice in the proposed changes allows local authorities, through their plan-making and development control responsibilities (and by making effective use of other tools available to them) to create the conditions which encourage a broad range of retailer representation within town centres, with opportunities for both small and large retailers. This could be achieved through local authorities identifying sufficient site allocations for a range of development in their plans; specific plan policies aimed at small shops and independent retailers; and seeking a mix of units in new development which provide for smaller retailers.

The revised policy framework will continue to allow local authorities to consider town centre viability and vitality when assessing the impact of development, including the effects on small shops and independent retailers. When considering proposals which are not in accordance with an up to date plan on sites outside town centres, local authorities will continue to be required to assess a range of impacts, particularly the impact upon existing and committed investment in a centre, the impact on current in-centre trade and turnover,

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<sup>30</sup> Killian Pretty Review, Planning Applications: A faster and more responsive system, Final Report (CLG, November 2008)

and the promotion of town centre vitality and viability including consumer choice and the range and quality of the retail offer. Where there is clear evidence that a proposal is likely to have a significant adverse impact on a town centre related to one or more of the key impact considerations, for example in respect to existing small shops and independent retailers, this will justify the refusal of planning permission.

The proposed impact test would, like the existing test, apply only to businesses where a planning application is needed and then only if the scheme is not in accordance with an up to date development plan and is on a site outside a town centre. Comprehensive assessments will only generally be needed if a scheme is over 2,500 square metres, although they can be required for developments of less than 2,500 square metres which are likely to have a significant impact on smaller town centres<sup>31</sup>. As smaller firms may be more likely to find suitable sites in town centres, they are unlikely to be affected by the need to undertake an impact assessment.

#### Competition Assessment

The Barker review noted that local authorities refusing planning permission on the basis of absence of need was likely to result in more limited choice and higher prices of goods in stores. The report also noted that the current policy in PPS6 requiring the demonstration of need can have unintended effects, including adverse impacts on competition. The Competition Commission's investigation of the grocery market identified evidence that the current need test may be, or may become, a barrier to entry in many local areas when the available capacity has been absorbed by new development.

The removal of the current need test will remove identified barriers and, in principle, facilitate a greater likelihood of entry by operators who may not otherwise have been able to enter a local market where identified local need is taken up by existing incumbents and/or unimplemented planning permissions. In addition, the strengthened approach to plan making requires local authorities and regions to consider the promotion of choice and competition when developing policies. Additionally at the development control stage, the new impact test will promote competition by enabling a more thorough assessment of the impact of development upon consumer choice and retail diversity. Where development is permitted, this would be likely to increase competition, resulting in greater consumer choice, and potentially reducing prices. However, local authorities would also be able to turn down development where it would have a significant adverse effect on a struggling town centre, particularly where the town centre would be adversely affected by loss of trade or turnover, or where there are other significant negative impacts related to other key impact considerations.

Taking account of these considerations the proposal is expected to enhance competition, with no significant redistributive effects, and will improve entry to local markets.

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<sup>31</sup> Proposals allow authorities to set specific thresholds in their plans- see policies EC5 and EC18.5

#### Legal Aid

There will be no legal aid impact.

#### Sustainable Development, Carbon assessment, Other Environment

The proposals require specific consideration as to whether a proposal is of high quality design and how it addresses climate change issues. It also requires the extent to which a proposal will affect traffic and congestion to be addressed, as well as its ability to promote linked or multi-purpose trips which are likely to lead to more sustainable outcomes.

By removing the need test as a barrier to market entry, the application of the new impact test could encourage an overall increase in development once economic recovery is underway, although this is unlikely to occur in the short term. However, the new test will require a thorough examination of the environmental and sustainability implications of a proposal.

#### Health Impact Assessment

The proposed changes should have no significant impact on health. To the extent that the proposals encourage an overall increase in development, there will be benefits through improved access to food and other local goods and services at affordable prices. This is reinforced by the emphasis in the new impact test on promoting consumer choice and an improved retail offer in terms of the range and quality of goods. This is in line with the Cabinet Office paper *Food matters: Towards a strategy for the 21<sup>st</sup> century*<sup>32</sup> which recommends strategic objectives for the government with regard to food which include “fair prices, choice, access to food and food security through open and competitive markets” (where this refers both to the supply chain and to competition in the retail market) and “a further transition to healthier diets” which includes increasing consumption of fruit and vegetables.

#### Race, Disability, Gender and Other Equality

There will not be any significant impact of any of the equality strands.

The main way in which the proposed changes might affect black and minority ethnic communities would be through their impact on the retail sector. It is estimated that there are 68,000 black and minority ethnic retailers in the UK, and 4,000 wholesalers, employing 373,000 people and having a turnover of around £33bn (nearly 12 per cent of UK retail sales), whilst serving a key role in meeting the needs of different black and minority ethnic groups<sup>33</sup>.

<sup>32</sup> [http://www.cabinetoffice.gov.uk/strategy/work\\_areas/food\\_policy.aspx](http://www.cabinetoffice.gov.uk/strategy/work_areas/food_policy.aspx)

<sup>33</sup> <http://www.retailresearch.org/downloads/PDF/BMERetailersATM%20report.pdf>

Convenience stores are the most likely types of existing black and minority ethnic enterprises to experience some effect from the removal of the need test from planning policy. The Centre for Retail Research's 2006 survey estimated that around 50 per cent of black and minority owned retail enterprises were in the convenience and specialist food shops or supermarket sectors.

Given that BME communities tend to be clustered in urban areas, it is likely that a high proportion of BME retailers will tend to be located in these areas as well. However, we do not know their precise spatial distribution, and how many are operating in town centres (particularly those centres which may have fragile health). It is therefore not possible to quantify the potential numbers of such businesses who may be affected by any policy refinements.

We do not however consider that the policy proposals will have a negative effect overall on BME businesses. The Competition Commission investigation found no significant link between large and small grocery retailers and the proposed strengthened impact test should continue to protect BME retailers in the same way that it protects other retailers in circumstances where edge of centre and out of town development would damage existing businesses. Moreover, to the extent that the proposals lead to more development overall, and given the emphasis in the new impact test on consumer choice and retail diversity, there will be new opportunities for businesses of all types, including BME.

#### Human Rights

There will be no human rights impacts.

#### Rural Proofing

There is no change to the existing policy approach to town centres with regard to rural areas. The policy applies to villages, market towns and local centre shops, requiring authorities to protect and strengthen existing shops and services where any deficiencies are identified. In so far as local authorities will need to consider the impacts of development on the local economy this may lead to local positive benefits, for example, for farmers and local suppliers. In preparing these policy revisions, the Government has had regard to the findings of the Matthew Taylor Review of the Rural Economy and Affordable Housing.

#### Enforcement, sanctions and monitoring

The policy will not have any direct statutory effect on business. As with all planning policy statements, regions, local authorities, commercial developers and business will be required by law to have regard to any revised policy, once finalised. Local authorities will be required to take the policy into account in formulating development plan policies and it may be material to deciding planning applications.

Regions and local authorities are already required to submit annual monitoring reports to the Secretary of State. Among the matters which these reports should cover is performance against defined core output indicators, which includes town centre development. Where policies are not being implemented, the reasons why and the measures proposed to secure implementation, including through the review of the regional spatial strategy and/or local development documents.

Guidance on monitoring is set out in local development framework and regional spatial strategy practice monitoring guidance. The core output indicators of direct relevance to measuring the implication of town centre policies are the overall amount of completed retail, office and leisure floorspace and how much of this takes place in town centres.

The Government will continue to monitor and evaluate the impact and effectiveness of this policy in terms of the vitality and viability of town centres, drawing upon annual monitoring reports and other quantitative and qualitative evidence.

#### Implementation and delivery plan

The responses to this consultation will be taken into account in implementing the proposals and will inform any final policy revisions later in 2009.

Many respondents to the PPS6 consultation document commented on the significance of capacity, resource and skills issues arising from the proposed changes. To address these concerns, there will be a widespread 'roll-out' of the revised policy with a wide range of stakeholders, including commercial developers, business, regional and local authorities, to build capacity and promote the robust implementation of the policy and its accompanying good practice guidance.

#### Post-implementation review

The Government will continue to monitor the implementation of the policy, and consider the need for further review, linked in particular to the competition test and the competition appeals tribunal judgement.

#### Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.



Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

<b>Type of testing undertaken</b>	<b>Results in Evidence Base?</b>	<b>Results annexed?</b>
Competition Assessment	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	Yes	No
Sustainable Development	Yes	No
Carbon Assessment	Yes	No
Other Environment	Yes	No
Health Impact Assessment	Yes	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	Yes	No
Rural Proofing	Yes	No

## SECTION 3 EVIDENCE BASE (FOR SUMMARY SHEETS): PLANNING FOR ECONOMIC DEVELOPMENT REVISED IMPACT ASSESSMENT

### Background

Since the PPS4 consultation document<sup>34</sup> was published in December 2007, the global economy has experienced significant slowdown, and as a result, growth prospects worldwide have sharply declined. These changes have affected the general economic climate in the UK in recent months. In terms of specific economic sectors, financial services, which have largely driven UK growth over the past decade, are now experiencing falling employment, earnings and profits. When growth resumes, finance is likely to make up a smaller share of economic activity in the future. Manufacturing outputs have also fallen significantly in the past few months, and recovery is not expected until at least 2010. The construction industry is experiencing similar difficulties whilst property markets, including commercial property, have been severely affected by the slowdown in the global economy. Whilst the fluid nature of the general economy at present makes it more difficult to forecast with any accuracy which sectors will drive the economic recovery, the property and construction sectors should recover in the medium term, together with a consolidated financial services sector.

The Government's existing planning policy for economic development, PPG4 *Industrial, Commercial Development and Small Firms*, is infrequently referred to as it is out of date (1992). The proposed policy approach is designed to ensure that the planning system responds efficiently and effectively to the economic challenges of a global and competitive market in both the current climate, and over the medium to long term, as market conditions improve.

### Why is government intervention necessary?

The proposed policy is intended to meet the commitments made in the Government's white paper *Planning for a Sustainable Future*<sup>35</sup> to revise PPG4 to ensure that the planning system provides a positive approach to economic development. The planning system should facilitate and promote sustainable development by making suitable land available for development in line with environmental, social and economic objectives to improve people's quality of life. However, the Barker Review<sup>36</sup> found that the benefits associated

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<sup>34</sup> Consultation Paper on new Planning Policy Statement 4: Planning for Sustainable Economic Development (CLG, 2007)

<sup>35</sup> Planning for a Sustainable Future: White Paper (HMSO, 2007)

<sup>36</sup> Barker Review of Land Use Planning: final report recommendations (TSO, December 2006)

with economic development were not always appropriately considered in respect to plan making and considering planning applications. In response, this proposal is to update planning policy to ensure it takes into account the economic costs and benefits of development alongside the social and environmental ones.

## OVERVIEW OF OPTION

The preferred policy option (Option B) set out in the draft PPS4 is taken forward in this consultation document, having regard to consultation responses (including comments on the partial impact assessment) and current and likely future market conditions. The summary of consultation responses<sup>37</sup> revealed that respondents generally welcomed the positive approach to sustainable economic development set out in draft PPS4. Many of the key policy changes proposed are changes of emphasis or reinforcing of messages in existing PPG4, rather than being new policies.

### **Implement new policy in respect to planning for sustainable economic growth.**

The aim of the new policy is to provide an overarching positive framework to planning for sustainable economic development, consisting of the following policy elements:

- **appropriate weighting given to economic development:** the Barker Review found that the benefits associated with economic development are not always fully considered in planning decisions. When drawing up plans, regional planning bodies and local planning authorities<sup>38</sup> should give appropriate weighting to the economic benefits that developments may bring, such as employment and regeneration, in addition to considering social and environmental factors
- **using evidence to plan positively, recognising the needs of business:** regions and local authorities should ensure they use the best economic evidence available to prepare their plans, taking account of the current economic climate as well as the likely future direction of local and wider economies. This will involve understanding the needs of business so they can plan appropriately
- **delivering a supply of land for economic development:** local authorities should ensure a good supply of land which provides for the differing needs of business whilst being flexible enough to respond to changing market conditions, including new sectoral requirements. This means taking a robust approach towards allocating employment land, avoiding designating or retaining sites for single or restrictive uses if there is no realistic prospect of it being used as such during the plan period

<sup>37</sup> Summary of key issues and analysis of public consultation responses to draft PPS4 (CLG, 2008)

<sup>38</sup> Referred to as 'local authorities' and 'regions' throughout the rest of the summary

- **importance of joint working:** encouraging joint working across local authorities and between tiers of government and, where appropriate, undertaking joint housing and employment land reviews to help identify the most appropriate use for land
- **identifying suitable locations:** including encouraging mixed-use development and a stronger emphasis on regeneration, particularly in deprived areas
- **efficient and effective use of land:** this requires a positive approach to:
  - the reuse of heritage/listed buildings for economic development
  - changes of use where there is no likelihood of demonstrable harm. This may involve taking into account changing working patterns and advancements in information and communication technologies and
  - preparing locally specific parking policies, rather than simply following national maxima levels as currently set out in Annex D of PPG13: Transport.
- **securing a high quality and sustainable environment:** recognising the importance of good design for both sustainable economic development and securing low carbon emissions and
- **managing Development:** local Authorities should adopt a positive approach towards planning applications for economic development, using robust evidence to weigh up the costs and benefits of development. In particular, they should support proposals which foster a strong and diverse rural economy

In rural areas, subject to the need to protect the countryside, the general policies for economic development set out above should apply to planning for development as they do in urban areas. This will include:

- supporting development which enhances the vitality and viability of market towns and other rural service centres
- supporting small scale economic development where it provides the most sustainable option in villages or other locations that are remote from local service centre; and
- promoting farm diversification for business purposes by providing opportunities for non-agricultural enterprise which support job creation and economic activity consistent in scale with the rural location

### **Sectors and groups affected**

The proposed policy potentially has an impact on the following:

- local authorities and regions
- businesses of all sizes in urban and rural areas
- commercial developers and
- the general public, as potential employees and customers, and who may be affected by the results of development proposals

## **COSTS AND BENEFITS**

### **Quantifying Impacts**

An accurate quantification of the impact of the proposed policy is challenging. National planning policy is not applied directly by Central Government. In order for the Government to fulfil its devolutionary commitment, local authorities have primary control over plan making and development control decisions. While planning policy statements are important considerations for plan making and development control they do not prescribe a uniform or 'correct' amount of economic development to be achieved in any given area. Rather it is for regions and local authorities to apply national policy in the light of their circumstances.

It is therefore difficult to quantify the impact of the proposed policy in respect to planning for economic development as:

- whilst clearly important, land use planning is only one of many factors that influence economic development
- the costs and benefits of changes in land use flowing from planning decisions are highly dependent on the location, quality and context of the land in question
- many of the key policy changes proposed are changes of emphasis or reinforcing of messages in existing PPG4, rather than being new policies. On this basis, it is difficult to establish how regions and local authorities will respond to these changes in emphasis
- the fluid nature of the general economy at present makes it difficult to forecast with any accuracy which sectors will drive economic recovery and
- the real impact will depend upon how local authorities and regions respond to the proposed changes when planning for economic development, linked to the above

Despite these difficulties in quantifying the impacts, the proposal is expected to bring overall net benefits to the general public, regions and local authorities, commercial developers and businesses, as described below.

### **Benefits**

Most of the benefits that will be derived from the proposed policy, as set out below, flow from its positive nature which requires regions and local authorities to plan proactively for sustainable economic growth in regional spatial strategies and local development frameworks, based upon robust economic evidence. In this way, the planning system can provide certainty for business in terms of ensuring a good supply of land which provides for the differing needs of business. Linked to this, the approach proposed provides flexibility for regions and local authorities to respond to rapidly changing market

conditions, as are currently being experienced, so that they can help to stimulate growth as economic conditions improve.

Whilst specific benefits of the policy proposals are set out in detail below, overall, the approach will support the Government's objectives for economic development, particularly:

- raising the productivity growth rate: improving the supply of land for economic development should enable firms to operate more productively by allowing them to operate from sites with better suit their requirements. In particular, this could facilitate the agglomeration of firms, which in turn enhances the productivity of firms and workers
- building prosperous communities: linked to above, by facilitating innovation and providing job opportunities through an improved supply of land for economic development, the policy will help to stimulate growth and generate wealth as economic conditions improve. By providing certainty for business, it can improve the economic performance of local areas, cities, sub-regions and regions, helping to increase national economic output
- delivering more sustainable patterns of development: by providing land for economic development in suitable locations and encouraging the re-use of vacant land or derelict buildings, especially brownfield land
- promote high quality, inclusive design: good design can add economic value to an area, and can create more productive working conditions and
- improve accessibility: ensuring that development is well served by a choice of means of transport, which benefits business in terms of better access to customers, suppliers or labour markets

Turning to the specific benefits of the approach proposed in respect to planning for sustainable economic development:

### **Appropriate weighting given to economic development**

The overarching benefit of the new policy will be in ensuring that economic development is fully considered and planned for – both in terms of plan-making and making planning decisions.

The policy proposed requires regions and local authorities to take proper account of the costs and benefits of economic development, alongside other costs and benefits, when drawing up plans and determining planning applications. Regions and local authorities are already required to consider such material considerations under the 2004 Planning and Compulsory Purchase Act, but the policy explicitly reinforces the importance of economic considerations in planning decisions. In this way, the proposed policy will help to support economic recovery through the benefits set out below, particularly a supply of land which will provide for the differing needs of business.

### **Using evidence to plan positively, recognising the needs of business**

The policy requires regions and local authorities to prepare robust evidence bases when planning for economic growth, to understand existing business needs and likely changes in the market. The proposed policy, by requiring robust economic evidence bases, will allow regions and local authorities to adjust the supply of employment land to address any structural changes in market performance and demand and facilitate economic growth. Changes in the nature of the economy mean the needs of business also change, as is seen in the decline in heavy industry and the rise of the high tech and service sectors. More flexible formats from traditional land uses may be required and it may not be appropriate for office development to be located in the town centre, particularly where it is ancillary to other forms of development. Many businesses now need supporting office development. Being aware of the changing nature of the local or sub-regional economy will enable local authorities to plan for these needs.

Consultation responses to draft PPS4 revealed strong support for the emphasis on the need for robust evidence to underpin both plan-making and decisions on planning applications. In addition, the majority of respondents supported the proposed market indicators set out in Annex A of draft PPS4 as potential sources of useful market information, although most felt that some changes were required to the proposed list. Whilst regions and local authorities already collect economic evidence, the quality and content is highly variable so by recommending a set of indicators as is being proposed, it will be easier to compare market information across local areas and regions, which should result in a more efficient use of resources.

The need for robust economic evidence is supported by the new economic duty to undertake local economic assessments (LEA) being proposed as part of the Local Democracy, Economic Development and Construction Bill, which requires upper tier and unitary local authorities to assess the economic conditions of their areas in consultation with key partners, including district authorities. The duty promotes the development of shared evidence bases which regions and local authorities can draw upon to support planning for sustainable economic growth<sup>39</sup>. It will then require local authorities to bring together data, evidence, and the expertise of economic development partners to develop a sound understanding of the economic activity of the residents and firms located in their areas, and how the local economy interacts with the wider economy.

### **Delivering a supply of land for economic development**

The proposed policy asks local authorities to facilitate a good range of sites which provide for the differing needs of business and respond to changing market conditions, flowing from the policy requirements to give more weight to economic development; use evidence positively and develop more flexible approaches to the use of land. Providing a better

<sup>39</sup> Further information is set out in the Local Authority Economic Assessment Duty Impact Assessment (CLG, December 2008)

supply of land for employment will be particularly important as the economy begins to recover, allowing planning to respond quickly and effectively to facilitate economic growth by providing land for economic sectors that are experiencing growth.

The proposed policy requires a critical approach to be taken towards allocating employment land, avoiding designating sites for single or restrictive uses if there is no realistic prospect of it being used as such during the plan period. This was supported by the consultation responses to draft PPS4, who agreed that land should not be held back for specific employment uses if there is no realistic prospect of it being used as such, as it could be released for other uses, for example mixed-use development or for housing.

The policy also requires local authorities to plan positively for economic development in rural areas subject to the need to protect the countryside. This will mean supporting small scale economic development in villages and other locations remote from rural service centres, and recognising that a site may be acceptable for development even though it may not be readily accessible by public transport.

In addition, the proposed approach should better support business growth in the form of clusters or networks of knowledge driven industry, which can lead to innovation and productivity gains. Many sectors or firms benefit from the 'urbanisation' economies of being in specialised clusters, while others benefit from sector specific 'localisation economies' of being in specialised clusters with other businesses in the same sector<sup>40</sup>. Either way, clustering allows businesses to take advantage of specialised services, infrastructure or labour markets. The policy proposed, by requiring a more pro-active approach to providing employment land which has regard to market demand, should encourage greater economic clustering by providing suitable land and buildings<sup>41</sup>.

At the regional level, the policy proposes a new requirement that regional spatial strategies should set employment land targets down to the local authority level. This will help to ensure that the regional and local tiers develop shared policy objectives in terms of economic growth, particularly by providing a good supply of land for economic development.

### **Importance of joint working**

The proposed policy encourages joint working across local authorities and where appropriate, combine or undertake together employment land reviews with strategic housing land availability assessment, to help identify the right supply of land. The benefit of this is that it should ensure economies of scale by making the best use of available resources across local authorities, avoiding duplication and helping to reflect more accurately sub-regional issues. It should also result in greater consistency in the collection and

<sup>40</sup> CLG (2007) *Economics Paper 1: A Framework for Intervention*

<sup>41</sup> Graham, D. J. (2006) *Wider Economic Benefits of Transport Improvements: Link Between Agglomeration and Productivity – Stage 2 Report*. London. DfT.



interpretation of economic data and intelligence, which in turn should lead to more joined up policy making. These benefits are supported by the proposed LEAs, which promote the development of shared economic evidence bases across local authorities, which in turn should strengthen sub-regional working and lead to greater co-ordination of policy making.

### **Identifying suitable locations**

Linked to requiring local authorities to plan for a good range of sites for employment, the proposed policy also promotes mixed-use developments, with fewer sites being designated for single or restricted use classes. This focus on mixed-use will allow the market to bring forward proposals which better reflect the need for homes, jobs and services to be close to one another. The policy also asks local authorities to consider the potential for regeneration in their plans and to prioritise deprived areas for development. This should provide social, economic and environmental benefits for local communities in such areas, as well encouraging the use of brownfield land for development.

### **Efficient and effective use of land**

Again, linked to the requirement to provide a good supply of land for economic development by identifying suitable sites, the proposed policy will ensure the efficient use of land, including encouraging the re-use of vacant land or derelict buildings. In particular, a positive approach towards the reuse of heritage/listed buildings for sustainable economic development will help to bring back into productive use buildings which may otherwise not fulfil their potential. It can also have wider benefits in that it can help to regenerate an area and provide an attractive working environment, including prioritising the re-use of brownfield land, which in turn has environmental benefits, as around 32 per cent of all waste is generated by demolition and construction<sup>42</sup>. In addition, local authorities should take a positive approach to changes of use where there is no likelihood of demonstrable harm.

The policy also aims to encourage local authorities to use land efficiently by building upon the benefits of technological developments, such as increased investment by high technology firms. In a 2004 survey of 2000 workplaces, 55 per cent of employees said that ICT was essential or very important in their job.<sup>43</sup> On a related point, the DTI Annual Small Business Survey 2006-07 shows that 34 per cent of all business start ups are now home based. The proposed policy recognises that new ways of working such as live/work or the use of residential properties for home working have an impact upon spatial planning which should be considered when planning for economic development.

<sup>42</sup> Key facts about waste and recycling (DEFRA, ODPM, Environment Agency, Water UK, 2004)

<sup>43</sup> See the DTI employer survey of 2000 workplaces (2004) at [www.berr.gov.uk](http://www.berr.gov.uk).

The proposed approach to car parking supports the more efficient use of land by allowing local authorities to set their own maximum car parking standards for non-residential development, having regard to nationally set sustainability criteria. Patients and visitors to hospitals should also benefit from local planning authorities giving greater attention to their needs in setting parking policies for hospitals. This increased devolution to local authorities was strongly supported by consultation responses to draft PPS4, providing that it does not result in unacceptable environmental and social costs. Linked to this, whilst the approach could result in local authorities choosing to compete with each other in terms of the provision of parking spaces in town centres and elsewhere, this is addressed by retaining the requirement for maximum rather than minimum standards, and setting clear criteria in respect to setting maximum standards.

The approach allows local authorities to set stricter policies in appropriate locations which reduce car use and encourage more sustainable travel patterns. Conversely, where authorities set higher car parking maxima reflecting local circumstances, businesses may benefit by being able to attract workforces more easily.

### **Securing high quality and sustainable environments**

The proposals require local authorities to promote good design when planning for sustainable economic growth. This should help to reduce the costs associated with bad design such as higher crime rates, low productivity and poor health. In addition, it requires industries and infrastructure which are detrimental to amenity, a potential source of pollution or an accident hazard, to be separated from sensitive land uses to ensure the most effective and appropriate use of land.

CABE research on the value of developing, owning and operating a typical office over the 25 years of a traditional occupational lease shows that, excluding land, 6.5 per cent of the total goes on construction cost; 8.5 per cent goes on furnishing, maintaining and operating the facility, and 85 per cent goes on the salary costs of the occupiers. Despite the modest proportions spent upon construction, a well designed working environment can have a positive impact upon local economic circumstances by helping to attract firms to an area, and there is evidence that the quality of premises can be an important reason for relocation. In addition, the existing building stock in the UK is responsible for 40 per cent of carbon emissions, so there are potentially large benefits to be realised through better building design in terms of reducing carbon emissions.

### **Managing development**

The policy asks local authorities to adopt a positive and constructive approach towards planning applications for economic development. Drawing upon robust economic evidence and other information, they should consider economic development proposals favourably unless the economic, social and environmental costs are likely to outweigh the expected benefits, including the long term benefits.

This evidence based approach should enable local authorities to develop more positive and flexible approaches to planning applications which come forward which may not be in line with their plans. The Barker review identified the rejection of proposals primarily on the basis that they do not fit with intermediate or out of date plans as being a restriction upon development that would be acceptable if fully considered. Following the evidence based approach proposed should decrease the number of unnecessary restrictions on development, and may help to reduce the number of planning appeals and applications referred to the Secretary of State for consideration.

The proposed policy highlights that lack of accessibility by means other than the car should not always prevent applications for development in remote rural areas from being acceptable, particularly where they promote and sustain the viability of such areas. The policy should also help to protect economic uses in rural communities by requiring consideration of the impact of their loss on the supply of economic sites in that community.

### **Costs**

As already explained, these proposals are not new policies as such, but are more changes of emphasis or reinforcing of messages in existing PPG4. On this basis, we therefore consider that commercial developers, businesses, regions and local authorities are unlikely to face any extra costs, in net terms, from implementing the proposed changes. For example, regions and local authorities are already required to collect evidence about economic circumstances in their area. In particular, commercial developers and businesses of all sizes will not face any extra costs from implementing the proposed policy.

Whilst there may be some familiarisation costs, predominantly for regions and local authorities, the scale of this is extremely difficult to assess because it depends upon the existing approach to planning for economic development, particularly the quality of economic understanding already present. Moreover, any such costs will be quickly offset by savings derived from presenting the Government's policies for economic development in an integrated, streamlined way, as explained in Section 1.

### **Using evidence to plan positively**

Some consultation responses to draft PPS4 felt that a proportionate approach to evidence would be required, expressing concerns at the potential financial and practical impact upon local authorities of the requirements in respect to economic evidence bases, with some noting that authorities may not have sufficient in-house expertise.

Whilst there may be short-term familiarisation costs for some regions and local authorities in terms of developing robust economic evidence bases as proposed, economic data and market information is already widely used in respect to planning, particularly when preparing development plans. This reflects a requirement in Section 13 of the Planning and Compulsory Purchase Act 2004 that local authorities keep under review matters which may be expected to affect the development of their area or the planning of its development, including the principal economic characteristics.

Nevertheless, it is likely that implementing the new approach will require additional data collection and analysis for many authorities. However, regions and local authorities will be able to draw upon new comprehensive sources of local economic evidence linked to the proposed economic duty, which will require upper tier and unitary local authorities to undertake LEAs<sup>44</sup>. This will provide a comprehensive source of economic evidence, and may in some instances lead to reduced costs to regions and authorities in developing evidence bases for planning for economic development purposes, particularly where the duty results in joint working across authorities as expertise and the cost of collecting market information could be shared.

### **Delivering a supply of land for economic development**

The proposed requirement that regional spatial strategies should set employment land targets down to the local authority level could have resource implications for some regions in terms of needing to develop more robust economic evidence bases to better understand market demand. However, there is already a policy expectation that regions identify general locations and criteria to meet business needs linked to their strategic role, and some regions already set targets at the local authority level. In addition, the proposed LEAs should keep any additional costs linked to this requirement to a minimum. As already explained, LEAs may lead to reduced costs to some regions and local authorities in developing evidence bases for planning for economic development purposes.

### **High quality environment**

Where the proposed approach promotes the design and environmental quality of buildings, there will be benefits to society, particularly in terms of minimising carbon emissions. In terms of any potential costs relating to high quality, low carbon specification commercial development, these are not new considerations relating to the proposed approach. Rather, they relate to existing policy as set out in the climate change supplement to Planning Policy Statement 1: *Delivering Sustainable Development*. That said, costs can vary significantly depending on the type of development, the carbon saving technology used and the extent of carbon savings made. For example, building an office to a low carbon specification can be less costly than building a warehouse to the same low carbon specification<sup>45</sup>.

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<sup>44</sup> Further information regarding the duty is set out in the Local Authority Economic Assessment Duty Impact Assessment (CLG, December 2008)

<sup>45</sup> Definition of zero carbon homes and non-domestic buildings: consultation, <http://www.communities.gov.uk/corporate/publications/consultations/>, December 2008

## OTHER IMPACT TESTS

### Small Firms Impact Test

The proposed policy should, linked to the development of a robust economic evidence base, result in a good supply of land suitable for economic development which caters for a broad range of business types, including small firms. It should also result in more positive plan policies, particularly at the local level, which specifically recognise, and provide for, the needs of small business in terms of infrastructure, labour force, land assembly etc.

### Competition assessment

The proposals will improve competition and enterprise by ensuring a good supply of land that is responsive to market demand. This will allow new firms to enter markets and challenge existing firms. Whilst it is possible that the requirements for high quality, low carbon specification could lead to increased build costs in some circumstances, these are not new considerations relating to the proposed approach, and would only be significant for firms requiring specialised premises where alternative locations are scarce.

### Legal Aid

There will be no Legal Aid impact.

### Sustainable Development, Carbon assessment, Other Environment

The principle of sustainable development underpins the policy proposal. Its emphasis on high quality design, including encouraging low and zero-carbon commercial development as practicable, should play a part in promoting an attractive and inclusive built environment and addressing climate change issues.

### Health Impact Assessment

There should be no significant impact on health.

### Race, Disability, Gender and Other Equality

There will be no significant impact on any of the equality strands although by promoting new working practices like live\work (or the use of residential properties for homework), the policy will support those who have a need or preference to work from home, for example, women with families, single parents etc. Evidence will be welcomed from consultees on these issues.

### Human Rights

There will be no Human Rights impact.

### Rural proofing

The proposed policy implements a number of recommendations arising from the Matthew Taylor Review of the Rural Economy and Affordable Housing, recognising the important contribution that rural economies make to the national economy, and the need to ensure appropriate economic development so that rural communities can prosper and thrive, subject to the need to protect the countryside. The policy proposes a number of requirements in this respect, including:

- encouraging new uses for vacant or derelict buildings in rural areas including the conversion of existing buildings in the countryside
- identifying local service centres as preferred locations for new development
- supporting development which enhances the vitality and viability of market towns and other rural service centres
- supporting appropriate small-scale economic development in villages or remote rural locations
- promoting farm diversification for business purposes by providing opportunities for small scale non-agricultural enterprise and
- supporting equine enterprises and tourism in suitable locations where they benefit rural business, communities and visitors whilst maintaining environmental quality and countryside character

### Enforcement, sanctions and monitoring

The policy will not have any direct statutory effect on business. As with all planning policy statements, local authorities and developers will be required by law to have regard to any revised policy, once finalised. Local authorities will also be required to take the policy into account in formulating development plan policies, and it may be material to deciding planning applications.

Regions and local authorities are already required to submit annual monitoring reports to the Secretary of State. Among the matters which these reports should cover is performance against defined core output indicators, which include new employment floorspace, including that built on previously developed land, and employment land available by type. These reports should also identify where policies are not being implemented, the reasons why, and the measures proposed to secure implementation, including through review of the regional spatial strategy and/or local development documents.

The Government uses these annual monitoring reports, together with other quantitative and qualitative evidence, to monitor and evaluate the impact and effectiveness of national policy.

Guidance on monitoring is set out in LDF and RSS Monitoring good practice guidance. The Government will continue to monitor and evaluate the impact and effectiveness of this policy, drawing upon annual monitoring reports and other quantitative and qualitative evidence.

#### Implementation and delivery plan

We shall take into account the responses to this consultation in implementing our proposals and these will inform any final policy revisions later in 2009.

We anticipate there will be a widespread 'roll-out' of any revised policy with a wide range of stakeholders, including business, regions and local authorities, to build capacity and promote the robust implementation of the policy and any accompanying guidance.

#### Post-implementation review

Although the Government will continue to monitor the implementation of the policy, it has no current plans for a further review once the proposed policy has been finalised.

### Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

**Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.**

Type of testing undertaken	Results in Evidence Base?	Results annexed?
Competition Assessment	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	Yes	No
Sustainable Development	Yes	No
Carbon Assessment	Yes	No
Other Environment	Yes	No
Health Impact Assessment	Yes	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	Yes	No
Rural Proofing	Yes	No

# ANNEX A: Analysis of town centre trends and market conditions

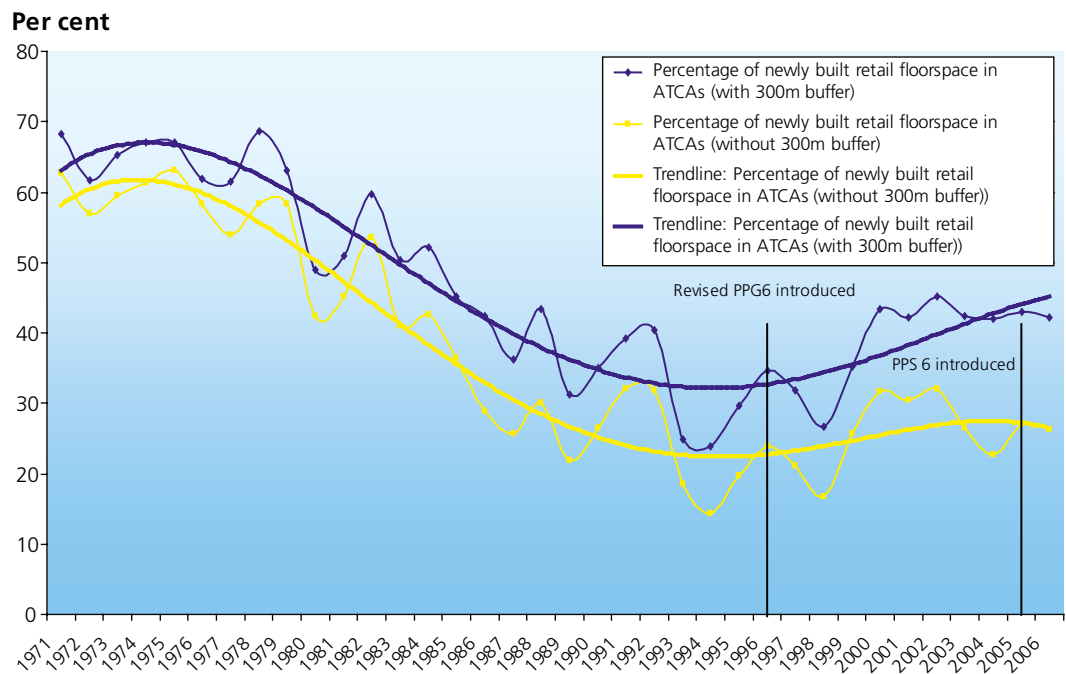
This Annex discusses trends in town centre development and then goes on to consider the implications of the current economic situation for town centre policy by examining the effect of slowing economic growth on the retail sector.

## Town centre trends

### Recent town centre development

The headline indicator of success has been the proportion of new retail floorspace being developed within and on the edge of town centres. Figure 1 shows that the proportion has increased from a low of below 25 per cent in 1994 to 42 per cent by 2006. It is evident from this that both PPG6 and PPS6 have halted and partially reversed a long term trend toward retail development outside town centres. Recent analysis<sup>46</sup> by the British Council for Shopping Centres suggests that of the shopping centre developments in the pipeline up to 2012, well over half will be town centre developments as opposed to out of town developments. Reflecting the BCSC analysis, it is expected that town centre and edge of centre sites will account for an increasing proportion of retail development in the future.

**Figure 1: Proportion of New Build Retail Floorspace in Town Centres 1971–2006**



Source: CLG Planning Statistical Release (November 2008)

<sup>46</sup> BCSC The Retail Property Industry: Its Contribution to the UK Economy 2008



### Regional variations

There are, however, regional variations in town centre development. The figures in table 1 show that some regions achieve a higher proportion of development in town centre and edge of centre locations than others. London, for example, achieves the highest proportion of all regions. The south east and north west also have a higher proportion than other regions. These figures show that the proportion of new development in town centre and edge of centre locations varies substantially across regions. It is difficult therefore to generalise about the location of new developments across regions, and to predict where future development will be located.

**Table 1: Proportion of retail development occurring in town centres and edge of centre locations by region (average 2002-2006)**

Region	Proportion of new development in town centres and edge of centre locations (%)
North East	35
North West	47
Yorkshire and the Humber	38
East Midlands	38
West Midlands	47
East of England	38
London	56
South East	44
South West	26
England	43

Source: CLG Regional Statistics based on Planning Statistical Release (November 2008)

### Capacity for town centre development

Our analysis shows that there may be significant capacity to accommodate new development in and on the edge of town centres. We estimate that there could be some 900 hectares of land potentially available for development in town centres, including vacant and derelict sites. There could also be a further 4,300 hectares of such land on the edge of town centres<sup>47</sup>. Such sites would be in addition to any other land identified as a result of town centre expansion by local authorities or by the market, although in some cases there may be

<sup>47</sup> Statistics from the National Land Use Database of Previously-Developed Land (NLUD-PDL) based on information collected in 2005

physical rather than planning issues which could prevent them being brought forward for development.

We also need to recognise that in some instances, such as historic centres and smaller centres, there will be limited capacity for the implementation of new development within existing centres. However, in such cases we would expect local authorities to proactively expand town centre boundaries to accommodate the need for identified growth, consistent with current policy in PPS6.

### **Trends in floorspace**

Over the ten years to 2007, town centre shopping sales experienced significant rises. There has also been consolidation in the retail market, with traditional town centre stores and floorspace declining whilst floorspace has increased in town centre shopping centres/malls. Between 1997 and 2007, town centres recorded a net loss of almost 12,600 shops<sup>48</sup>. Overall, there has also been a drop in floorspace which partly reflects significant efficiency gains, as the newer, shopping centre-based stores helped town centres to increase sales densities by approximately £100 per square foot.

Despite these apparent losses, there is evidence that more recently (between 2000 and 2005) the loss of shops and floorspace in traditional town centre locations appears to have slowed. The BCSC notes that this may be because town centre policy takes up to a decade to take effect (as some pre-PPG6 schemes from the early 1990s were still being completed in 2000), and that the real effect of the Government's town centre first policy has only recently become evident.

### **The UK economy and the retail sector**

Over the past 18 months, the world economy has experienced significant slowdown, and as a result, growth prospects have sharply declined. Against this backdrop of global economic change, including rising food and energy prices and constrained credit conditions, economic growth in the UK economy is likely to continue to slow significantly in the short term.

These difficult economic conditions are being reflected in the retail sector. The retail economy has slowed significantly and it is expected that it will continue to be affected in the short term by a reduction in consumer confidence as unemployment rises and credit remains constrained. Although the effects on different retail sectors may vary, tough trading conditions as a result of declining consumer spending are likely to continue to affect much of the retail market, including larger national chains, small shops and independent retailers. Recent sales figures show that consumer spending has fallen across the retail sector as a whole. However, forecasts produced by the Local Government Association<sup>49</sup> suggest that the performance of the food retail sector between 2008 and 2010 may be affected less than other sectors of the retail market.

<sup>48</sup> UK Town Centre Retailing (Verdict, 2008)

<sup>49</sup> LGA From recession to recovery: the local dimension (November 2008)

2008 and the beginning of 2009 have seen the demise of some well-known names on the high street, whilst many small shops are also experiencing challenging trading conditions. If these trends continue, vacancy levels in town centres are likely to increase further, which may provide opportunities for large retailers with low cost bases to buy up failing competitors and expand their customer base. In addition, tough trading conditions are likely to lead to further consolidation in the retail market in the short term, with traditional town centre stores and floorspace declining whilst floorspace increases in town centre shopping centres/malls.

Current market conditions pose particular challenges to small shops and independent retailers. Recent years have seen significant closures of certain types of small shops and independent retailers, as noted in both the Competition Commission working paper report on small shops<sup>50</sup>, and the analysis undertaken by the Parliamentary All Party Small Shops Group<sup>51</sup>. This decline in numbers is likely to be exacerbated by current economic conditions, although we note the conclusion from the Competition Commission that while sympathetic, their evidence does not show that independent retailers have been in terminal decline, or that it is impossible for them to compete with large retailers. We note in this context that the New Economics Foundation's *Clone Town Britain* report, for example, flags the dangers of a failure to achieve a balance between multiple retailers and independent retailers, and the consequences that this can have for vitality and viability.

Tight credit markets are likely to continue to restrict investment in retail property. These trends are also likely to affect other town centre development including offices, leisure, cultural and other local service facilities. Estimates indicate that approximately 486,000 m<sup>2</sup> of floorspace in town centre developments currently in the pipeline will be built each year between 2009 and 2012<sup>52</sup>. However, under current retail market conditions it seems likely that there will continue to be slippage of development in the pipeline, with some schemes that were set to complete in the next couple of years being rescheduled due to uncertainty in the sector.

It is likely that there will be a continued slowdown in development proposals in the short term, combined with further closures of retail, leisure and service facilities in some areas. Although the proposed policy changes cannot mitigate the impact of wider economic conditions currently being experienced, they will provide local authorities with an effective policy framework through which to plan for town centres and support economic recovery. This in turn will provide developers with certainty which should encourage development proposals to come forward once the economic climate becomes more positive.

<sup>50</sup> Working paper on entry and exit of small and specialist stores (Competition Commission, 2007)

<sup>51</sup> High Street Britain: 2015, (All-Party Parliamentary Small Shops Group, 2006)

<sup>52</sup> BCSC The Retail Property Industry: Its contribution to the UK economy 2008

It is vitally important that any planned investment and investor confidence in both small and large proposals, particularly in medium-sized and smaller centres, continues into the future and is not undermined by any weakening of the Government's town centre planning policy. The new impact test will allow local authorities to make a rigorous assessment of the impacts of any proposals not in accordance with the development plan, in out of centre locations. If there is a significant adverse impact in respect to one or more of the key impact considerations the proposal should be refused by the local authority. In addition the policy maintains the requirement for applicants to look for the most central sites (the sequential approach).

Retaining or improving retail diversity and consumer choice and safeguarding town centre vitality and viability will be challenging in the short term. The inclusion of retail diversity and consumer choice as considerations in the impact test should encourage development which supports a good retail mix. The proposed impact test will also require local authorities to consider the effects of new development upon existing town centre trade and turnover. This will enable local authorities to make decisions appropriate to their local circumstances when considering development proposals.

## ANNEX B: Comparison of existing and proposed impact test

The tables below compare the proposed new impact test with the existing impact test in PPS6 in respect to development control and plan-making activities. It demonstrates that the proposed test does not lead to substantive new requirements in terms of considering impact, whether it is in respect to development control or plan-making. By drawing together existing aspects of impact, rather than introducing new considerations, the proposal will not increase the overall costs of assessments or impose additional burdens on business or local authorities.

### Development control

Proposed impact test	Components of proposed test.	Existing PPS6 Impact test: DC components (paragraphs 3.20-3.23 of PPS6 unless otherwise specified)	Comments
Key impact considerations	Is the proposal planned to limit carbon dioxide emissions, minimise vulnerability, and provide resilience to climate change	N\A	Not a new requirement. Supplement to PPS1 <i>Planning and Climate Change</i> (2007) already requires regions and local authorities to consider new development in terms of reducing emissions, minimising vulnerability and providing resilience to climate change (paragraph 9)
	If located in an edge of centre location, the impact on the spatial planning strategy	Extent to which the development would put at risk the spatial planning strategy for the area and the strategy for a particular centre or network of centres, or alter its role in the hierarchy of centres	Not a new requirement.
	Impact on existing, committed and planned public and/or private investment in a centre (s)	Likely effect on future public or private sector investment needed to safeguard the vitality and viability of the centre or centres	Not a new requirement

Proposed impact test	Components of proposed test.	Existing PPS6 Impact test: DC components (paragraphs 3.20-3.23 of PPS6 unless otherwise specified)	Comments
<b>Key impact considerations (continued)</b>	If in or on edge of town centre, is it of appropriate scale (gross floorspace) in relation to size and role of centre and its catchment	Required to consider whether development is of an appropriate scale when assessing proposed developments (paragraph 3.4). Further guidance on appropriate scale of development is set out in paragraphs 3.12 and 2.41–2.43.	Not a new requirement. Scale issues are currently outside of the existing impact test but are identified as one of the 5 key development control tests.
	<p>Be accessible by a range of transport modes, inc:</p> <ul style="list-style-type: none"> <li>• extent to which it will reduce or increase overall distance travelled by car</li> <li>• effect on local traffic levels and congestion (esp trunk roads) after management measures are secured</li> <li>• promoting linked trips</li> </ul>	<p>Developments should be accessible by a choice of means of transport, including public transport, walking, cycling, and the car (taking full account of customers' likely travel patterns)</p> <p>In assessing new developments, local planning authorities should consider:</p> <ul style="list-style-type: none"> <li>• whether the proposal would have an impact on the overall distance travelled by car and</li> <li>• the effect on local traffic levels and congestion, after public transport and traffic management measures have been secured</li> </ul> <p>(paragraphs 3.25-3.27)</p>	Not a new requirement. Accessibility and related issues are currently outside of the impact test but are identified as one of the 5 key development control tests.
	If retail\leisure, impact upon in-centre trade\ turnover or trade in the wider area, taking account of current and future consumer expenditure capacity in the catchment area	Likely impact of the proposed development on trade/turnover.... within the catchment area of the proposed development	Not a new requirement- proposed changes clarify this applies to retail\leisure uses (e.g. not office space)

Proposed impact test	Components of proposed test.	Existing PPS6 Impact test: DC components (paragraphs 3.20-3.23 of PPS6 unless otherwise specified)	Comments
<p><b>Key impact considerations (continued)</b></p>	<p>Impact upon town centre vitality and viability, including local consumer choice and the range and quality of the retail offer</p>	<p>Impact of proposal on the vitality and viability of existing centres within the catchment area of the proposed development, including likely cumulative effect of recent permissions, developments under construction and completed developments</p> <p>In particular, local planning authorities should consider the impact of the development on the centre or centres likely to be affected, taking account of:</p> <ul style="list-style-type: none"> <li>• the likely impact of the proposed development on trade/turnover and on the vitality and viability of existing centres within the catchment</li> <li>• changes to the range of services provided by centres that could be affected</li> <li>• likely impact on the number of vacant properties in the primary shopping area</li> <li>• potential changes to the quality, attractiveness, physical condition and character of the centre or centres</li> <li>• the implications of proposed leisure and entertainment uses for the evening and night time economy of the centre</li> </ul>	<p>Not a new requirement, although proposed test focuses in particular on local consumer choice and retail diversity, both of which are already considerations which PPS6 expects to form part of a vitality and viability assessment</p>

Proposed impact test	Components of proposed test.	Existing PPS6 Impact test: DC components (paragraphs 3.20-3.23 of PPS6 unless otherwise specified)	Comments
<p><b>Key impact considerations (continued)</b></p>	<p>Secures high quality, inclusive design which improves character and quality of the area and the way it functions</p>	<p>Requirement to consider high quality and safe environment, including well-designed public spaces and buildings, when considering planning applications is set out in paragraphs 2.19 and 2.20</p>	<p>Not a new requirement. High quality design is currently outside the scope of the impact test but is required to be considered under paragraph 2.20-linked to PPS1 Delivering Sustainable Development (2005) and Planning for Town Centres guidance on design and implementation tools (2005).</p>
<p><b>Wider impact considerations</b></p>	<p>Impact on allocated sites outside town centres</p>	<p>In particular, local planning authorities should consider the impact of the development on the centre or centres likely to be affected, taking account of:</p> <ul style="list-style-type: none"> <li>• the extent to which the development would put at risk the spatial planning strategy for the area and the strategy for a particular centre or network of centres, or alter its role in the hierarchy of centres</li> </ul>	<p>Not a new requirement. LPAs are required to consider proposals impact in respect to their plan strategy, which includes allocated sites</p>



Proposed impact test	Components of proposed test.	Existing PPS6 Impact test: DC components (paragraphs 3.20-3.23 of PPS6 unless otherwise specified)	Comments
<b>Wider impact considerations (continued)</b>	Impact on deprived areas and social inclusion objectives	<p>In particular, local planning authorities should consider the impact of the development on the centre or centres likely to be affected, taking account of:</p> <ul style="list-style-type: none"> <li>potential changes to the quality, attractiveness, physical condition and character of the centre or centres and to its role in the economic and social life of the community</li> </ul> <p>Requirement to consider social inclusion in respect to assessing planning applications is set out in paragraph 3.28, cross referenced to Chapter 2</p>	Not a new requirement. Social inclusion is currently outside of the impact test but is required to be considered under 'local issues and material considerations' in paragraph 3.28.
	Impact on employment, particularly in terms of new jobs	Requirement to consider employment in respect to assessing planning applications is set out in paragraph 3.28, cross referenced to Chapter 2	Not a new requirement. Employment is currently outside of the impact test but is required to be considered under 'local issues and material considerations' in paragraph 3.28.
	Impact on economic/physical regeneration	Requirement to consider economic growth\physical regeneration is set out in paragraph 3.28, cross referenced to Chapter 2	Not a new requirement. Economic/physical regeneration is currently outside of the impact test but is required to be considered under 'local issues and material considerations' in paragraph 3.28.

## Plan-making

Proposed impact test	Key impact considerations	Existing PPS6 impact test- plan-making components (paragraph 2.48 unless otherwise specified)	Comments
<b>Key impact considerations</b>	Is a proposal planned to limit carbon dioxide emissions, minimise vulnerability, and provide resilience to climate change	N/A	Not a new requirement. Supplement to PPS1 <i>Planning and Climate Change</i> (2007) already requires regions and local authorities to consider new development in terms of reducing emissions, minimising vulnerability and providing resilience to climate change (paragraph 9)
	If located in an edge of centre location, the impact on the spatial planning strategy plan	Where a site is proposed to be allocated in an edge-of-centre or out-of-centre location, local planning authorities should assess the impact that the potential development of the site would have on centres within the catchment area of the potential development. Where the potential development of a site or sites proposed to be allocated in a centre would substantially increase the attraction of the centre and could have an impact on other centres, the impact on other centres will also need to be assessed	Not a new requirement.
	Impact on existing, committed and planned public and/or private investment in a centre (s)	See text above	Not a new requirement.

Proposed impact test	Key impact considerations	Existing PPS6 impact test- plan-making components (paragraph 2.48 unless otherwise specified)	Comments
<b>Key impact considerations (continued)</b>	If in or on edge of town centre, is it of appropriate scale (gross floorspace) in relation to size and role of centre and its catchment area	<p>In selecting suitable sites for development, local planning authorities should ensure that the scale of opportunities identified is directly related to the role and function of the centre and its catchment area. Uses which attract a large number of people should therefore be located within centres that reflect the scale and catchment of the development proposed. The scale of development should relate to the role and function of the centre within the wider hierarchy and the catchment area served. The aim should be to locate the appropriate type and scale of development in the right type of centre, to ensure that it fits into that centre and that it complements its role and function.</p> <p>Given their characteristics, local centres will generally be inappropriate locations for large scale new development, even when a flexible approach is adopted. Accordingly, it is likely to be inappropriate in most cases to include local centres within the search area to be applied under the sequential approach for large-scale developments. Local planning authorities should therefore consider setting an indicative upper limit for the scale of developments likely to be permissible in different types of centres, and developments above these limits should be directed to centres higher up the town centre hierarchy.</p>	Not a new requirement. Scale issues are currently outside of the existing impact test but are identified as one of the 5 key plan-making tests.

Proposed impact test	Key impact considerations	Existing PPS6 impact test- plan-making components (paragraph 2.48 unless otherwise specified)	Comments
Key impact considerations (continued)		For city and town centres (as described in Table 1, Annex A), where a need has been identified, local planning authorities should seek to identify sites in the centre, or failing that on the edge of the centre, capable of accommodating larger format developments  (paragraphs 2.41-2.43)	

Proposed impact test	Key impact considerations	Existing PPS6 impact test- plan-making components (paragraph 2.48 unless otherwise specified)	Comments
<p><b>Key impact considerations (continued)</b></p>	<p>Be accessible by a range of transport modes, inc:</p> <ul style="list-style-type: none"> <li>• extent to which it will reduce or increase overall distance travelled by car</li> <li>• effect on local traffic levels and congestion (esp trunk roads) after management measures are secured</li> <li>• promoting linked trips</li> </ul>	<p>When selecting appropriate sites for allocation, local authorities should have regard to:</p> <ul style="list-style-type: none"> <li>• whether the site is or will be accessible and well served by a choice of means of transport, especially public transport, walking and cycling, as well as by car and</li> <li>• the impact on car use, traffic and congestion</li> </ul> <p>Guidance on transport assessment, accessibility analysis and parking matters is set out in PPG13.</p> <p>In rural areas, local planning authorities should focus town centre development in local service centres, such as market towns and large villages, where there is potential to maximise accessibility by public transport and by walking and cycling, whilst ensuring that the lack of public transport facilities does not preclude small-scale retail or service developments, where these would serve local needs.</p> <p>(paragraphs 2.49-2.50)</p>	<p>Not a new requirement. Accessibility and related issues are currently outside of the impact test but are identified as one of the five key plan-making tests as set out in paragraph 2.28.</p>

Proposed impact test	Key impact considerations	Existing PPS6 impact test- plan-making components (paragraph 2.48 unless otherwise specified)	Comments
<b>Key impact considerations (continued)</b>	If retail\leisure, impact upon in-centre trade\turnover or trade in the wider area, taking account of current and future consumer expenditure capacity in the catchment area	<p>See comments on relationship to development plan strategy above.</p> <p>In addition, paragraph 2.34 explains that when assessing quantitative need for additional development when preparing its development plan documents, a local planning authority should assess the likely future demand for additional retail and leisure floorspace, having regard to a realistic assessment of:</p> <ul style="list-style-type: none"> <li>• existing and forecast population levels</li> <li>• forecast expenditure for specific classes of goods to be sold, within the broad categories of comparison and convenience goods and for main leisure sectors and</li> <li>• forecast improvements in productivity in the use of floorspace</li> </ul>	Not a new requirement.

Proposed impact test	Key impact considerations	Existing PPS6 impact test- plan-making components (paragraph 2.48 unless otherwise specified)	Comments
<b>Key impact considerations (continued)</b>	Impact on town centre vitality and viability, including local consumer choice and the range and quality of the retail offer	<p>See comments on relationship to development plan strategy above.</p> <p>Also, required to assess the impact of development on existing centres in paragraph 2.28, linked to paragraph 2.48.</p> <p>In addition, as required by paragraph 2.35, when assessing the qualitative need for additional development when preparing its development plan documents, a key consideration for a local planning authority will be to provide for consumer choice by ensuring:</p> <ul style="list-style-type: none"> <li>• an appropriate distribution of locations is achieved, subject to the key objective of promoting the vitality and viability of town centres and the application of the sequential approach, to improve accessibility for the whole community and</li> <li>• provision is made for a range of sites for shopping, leisure and local services, which allow genuine choice to meet the needs of the whole community; particularly the needs of those living in deprived areas</li> </ul>	Not a new requirement. Related references to range of facilities can be found in paragraphs 2.55- 2.64

Proposed impact test	Key impact considerations	Existing PPS6 impact test- plan-making components (paragraph 2.48 unless otherwise specified)	Comments
<b>Key impact considerations (continued)</b>	Secure high quality, inclusive design which improves the character and quality of the area and the way it functions	Requirement to encourage well designed development through planning policies is set out in paragraphs 2.19 and 2.20	Not a new requirement. High quality design is currently outside of the impact test but is required to be considered by paragraphs 2.19-2.20. Linked to PPS1 <i>Delivering Sustainable Development</i> (2005) and Planning for Town Centres guidance on design and implementation tools (2005).
<b>Wider impact considerations</b>	Impact on allocated sites outside town centres	See comments on relationship to development plan strategy above.	Not a new requirement.



Proposed impact test	Key impact considerations	Existing PPS6 impact test- plan-making components (paragraph 2.48 unless otherwise specified)	Comments
<b>Wider impact considerations (continued)</b>	Impact on deprived areas and social inclusion objectives	<p>Requirement to develop spatial policies and proposals to promote and secure investment in deprived areas in paragraph 2.16 (7th bullet)</p> <p>Paragraph 2.33 explains in deprived areas which lack access to a range of services and facilities, and there will be clear demonstrable benefits in identifying sites for appropriate development to serve communities in these areas, additional weight should be given to meeting these qualitative considerations. In addition, paragraph 2.35 (2nd bullet) explains that provision should be made for a range of sites for shopping, leisure and local services, which allow genuine choice to meet the needs of the whole community, particularly the needs of those living in deprived areas.</p> <p>Paragraph 2.51 (4th bullet) explains that social inclusion can be defined in broad terms and may, in addition to the above, include other considerations, such as increasing the accessibility of a range of services and facilities to all groups.</p> <p>Further supporting references are set out in paragraphs 2.44, 2.53, 2.56 and 2.57</p>	Not a new requirement. Social inclusion is currently outside of the impact test but is required to be considered under 'other relevant matters' in paragraph 2.51.

Proposed impact test	Key impact considerations	Existing PPS6 impact test- plan-making components (paragraph 2.48 unless otherwise specified)	Comments
Wider impact considerations (continued)	Impact upon local employment, particularly in terms of new jobs	<p>Requirement in paragraph 2.51 to consider employment in terms of the net additional employment opportunities that would arise in a locality as a result of a proposed allocation, particularly in deprived areas.</p> <p>Linked to this, paragraph 2.37 explains that benefits in terms of employment are material considerations in the site selection process</p>	Not a new requirement. Employment is currently outside of the impact test but is required to be considered under ‘other relevant matters’ in paragraph 2.51.
	Impact on economic\ physical regeneration	<p>Requirement to consider physical regeneration and economic growth in paragraph 2.51 in drawing up plans in terms of:</p> <ul style="list-style-type: none"> <li>• physical regeneration: the benefits of developing upon previously developed sites which may require remediation</li> <li>• economic growth: the increased investment in an area, both direct and indirect, arising from the proposed allocation and improvements in productivity, for example arising from economies of scale</li> </ul> <p>Further supporting references are set out in paragraphs 2.9 (2nd bullet), 2.31, 2.37 and 2.61.</p>	Not a new requirement. Economic\regeneration is currently outside of the impact test but is required to be considered under ‘other relevant matters’ in paragraph 2.51.

## PART 4: Consultation Questions

Name: .....

Organisation: .....

Address: .....

E-mail address: .....

Questions on which we would particularly like your views:

Please state whether you agree to your response being made public. Yes/No

1. **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?**  
 Yes  No  Comment: .....
2. **Does the draft Statement include all that you understand to be policy from draft PPS4, PPG5, 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?**  
 Yes  No  Comment: .....
3. **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.**  
 Yes  No  Comment: .....
4. **Does the structure of 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?**  
 Yes  No  Comment: .....
5. **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?**  
 Yes  No  Comment: .....
6. **Should more be done to give priority in forward planning and development management to strategically important sectors such as those that support a move to a low carbon economy, and if so, what should this be?**  
 Yes  No  Comment: .....

- 7. Is the approach to the determination of planning applications set out in policy EC21 proportionate?  
Yes  No  Comment: .....
- 8. 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  No  Comment: .....
- 9. Do you agree the policies do enough to protect small or rural shops and services, including public houses? If no, please explain what changes you would like to see.  
Yes  No  Comment: .....
- 10. In response to Matthew Taylor, we have altered the approach to issues such as farm diversification. What do you consider are the pros and cons of this approach?  
Yes  No  Comment: .....
- 11. Do you think that the proposals in this draft PPS will have a differential impact, either positive or negative, on people, because of their gender, race or disability? If so how in your view should we respond? We particularly welcome the views of organisations and individuals with specific expertise in these areas.  
Yes  No  Comment: .....

## PART 5: The Consultation Criteria

### ABOUT THIS CONSULTATION

This consultation document and consultation process have been planned to adhere to the Code of Practice on Consultation issued by the Department for Business Enterprise and Regulatory Reform and is in line with the seven consultation criteria, which are:

1. Formal consultation should take place at a stage when there is scope to influence the policy outcome;
2. Consultations should normally last for at least 12 weeks with consideration given to longer timescales where feasible and sensible;
3. Consultation documents should be clear about the consultation process, what is being proposed, the scope to influence and the expected costs and benefits of the proposals;
4. Consultation exercises should be designed to be accessible to, and clearly targeted at, those people the exercise is intended to reach;
5. Keeping the burden of consultation to a minimum is essential if consultations are to be effective and if consultees' buy-in to the process is to be obtained;
6. Consultation responses should be analysed carefully and clear feedback should be provided to participants following the consultation;
7. Officials running consultations should seek guidance in how to run an effective consultation exercise and share what they have learned from the experience.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the department.

The Department for Communities and Local Government will process your personal data in accordance with DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed these criteria? If not or you have any other observations about how we can improve the process please contact:

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