

# The National Retail Planning Forum

**Chairman: Mr Chris Shepley CBE**

## **Submission to the Communities & Local Government Commons Select Committee Inquiry into the Operation of the National Planning Policy Framework**

### **Key points**

- The continued commitment to the Town Centres First approach stated in the NPPF is welcomed.
- There needs to be a return to a proper understanding of the value of town centres from an economic and social perspective.
- More clarity is needed over the timeframe for meeting development needs when drawing up town centre strategies, and over the application of the Sequential Test.
- There is insufficient evidence to conclude on the impact of the NPPF on town centres; there is a strong need for more research and more data on the location of applications, which could be obtained easily.
- Currently there is very little development occurring in town centres. Local Planning Authorities need more support to enable them to produce the positive, pro-active, commercially realistic strategies and visions for town centres the NPPF suggests.
- The many changes to the Use Classes Order are undermining positive, pro-active planning for town centres.

### **About the NRPF**

1. The National Retail Planning Forum (NRPF) is a not-for-profit company and registered charity. A cross-sector organisation, it involves major retail firms, investment institutions, property development companies and planning consultants along with local government, professional institutions and the academic and research sector. It aims to be a focus for improving understanding between private and public sectors of the planning system and its impact on retailing, which it does through a collaborative programme of research, workshops and events.
2. Since its inception in 1995, NRPF has been heavily involved in furthering the debate around how retail planning can ensure town centres are vital and viable places. We thus welcome this opportunity to submit our views on how the National Planning Policy Framework (NPPF) has operated in regard to town centres. NRPF has an active Research Group which meets several times a year to discuss topical issues, whose members' opinions have informed this submission. It is in the nature of our organisation that members will not always agree. In the comments below we have

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tried to reflect commonly held views where possible and to indicate areas of divergence where appropriate.

### **Understanding the rationale for Town Centres First**

3. We welcome the continued commitment shown by the Government to the long-standing 'Town Centres First' approach to retail planning policy in the NPPF and subsequently. However there is a need for this to be more clearly understood as supporting the economic, social and environmental objectives of sustainable development.
4. The Government needs to recognise the economic rationale for supporting town centres: the value of a critical mass of economic activities, not just shopping; the agglomeration economies; the synergy between uses; the ability to take advantage of the accumulated physical and social infrastructure; and their role as key drivers of the local, sub-regional and, in some cases, the regional economy. These result in very real employment benefits.
5. The Government needs to recognise the environmental and social advantages of co-locating activities and facilities in locations which are accessible by a choice of means of transport, and where one trip can serve several purposes.
6. The Government needs to see town centres as places whose success is critical to the future of our town and cities, as well as promoting healthy communities.

### **Specific changes and issues in the NPPF**

7. Whilst the NPPF has broadly followed the thrust of previous policy in restating the 'Town Centres First' approach, there are some specific areas where changes were made and we feel more clarification is needed.
8. The sentence '*It is important that needs for retail, leisure, office and other main town centre uses are met in full and are not compromised by limited site availability.*' in the 6th bullet of paragraph 23 has caused real difficulties for Local Planning Authorities preparing Local Plans. This is open to being interpreted as requiring the identification of sites for the full 15 year period, but given the uncertainties of predicting behaviour, occupier needs and economic performance, it is simply not possible to identify the land use needs for employment uses including retail 15 years ahead 'in full' with any degree of credibility (and taking account of the time it takes to produce a Local Plan would require studies to look up to 20 years ahead). No other land use, even housing, is required to demonstrate that there are sufficient identifiable sites available now to meet in full the need of the whole, 15-year time-scale of the Local Plan. To do so when the policy seeks to find town centre sites is totally unrealistic, as it is difficult enough to find town centre sites that will be available in the next five years. The implications are that other less central sites need to be found, when in five years' time other town centre sites may become

available, yet the sequentially less preferable sites are allocated for town centre uses in the plan.

9. Rather than supporting a Town Centres First policy, designating the 'full' 15-year site requirement in out-of-centre locations would be damaging or, if not provided, would lead to planning by appeal. More realistic would be to seek to identify sites for the first 5 years, with the potential identification of sites or broad areas for expansion for the 5-10 year period and, only if appropriate, beyond. Local Plans should be closely monitored and new town centre sites identified at the earliest possible opportunity so that they can be considered for early alteration to the Plan or even considered for development before the Plan is altered on the basis that it meets the Town Centres First approach of the NPPF.
10. The new National Planning Practice Guidance has responded to this criticism by suggesting a more realistic 'three-five year period' approach in paragraph 003 of the guidance on *Ensuring the vitality of town centres*. We would welcome the NPPF being amended to be consistent with this more realistic timescale. The NPPF needs to be translated into a strong forward-planning tool for town centres, rather than a process with a catch 22: either declare the 'full' 15-year supply now, including many out-of-centre sites, or face planning by appeal.
11. We also have concerns about the interpretation of the Sequential Test, especially in the light of the decision in the *Tesco Stores Limited v Dundee City Council* case [2012] UKSC 13, which is felt by some of our members to significantly undermine the power of the Sequential Test in the NPPF. The new National Planning Practice Guidance is perceived to follow the decision in the case; some feel this runs counter to the Town Centres First approach, others that it is a setting of parameters to Town Centres First. We would welcome clarification as to what the Government intends in response to the case and, if policy has changed, for the NPPF to be amended accordingly.

#### **Evidence about the impact of the NPPF**

12. Evidence of the impact of the introduction of the NPPF is sparse. A study by planning consultants Nathaniel Lichfield & Partners (available at <http://nlppanning.com/uploads/ffiles/2013/03/695316.pdf>) looked at retail development appeals in the first year of the NPPF being in force and found little change in success rate and time taken to make a decision when compared to the previous year.
13. Research commissioned by the Association of Convenience Stores (available at <http://www.acs.org.uk/en/research/planning.cfm>) examined planning applications for large retail developments decided after the introduction of the NPPF. This showed a large majority (72%) of approvals being for out-of-centre developments and a slightly larger proportion of permitted floorspace. These findings have led to a

lively debate between NRPF members, being interpreted by some as showing the failure of the Town Centres First policy, while others argue that economic challenges have been far more influential factors. Since the research only looks at the period after the introduction of the NPPF, it is not possible to conclude whether the Framework has caused a real change in the situation.

14. There is a strong need for more research and more statistics in the retail planning domain, so that the impact of policy can be understood. This is something the NRPF has been calling for over many years. As a small organisation, we are unable to fund such work alone but are keen to find partners and support initiatives. Clearly it would be useful to extend the ACS research to look at the period before the NPPF was introduced to allow an initial comparison to be made.
15. We have been exploring ways in which the location and quantity of newly-completed and permissions for new retail space can be monitored. Work by Geofutures Ltd commissioned by the British Council for Shopping Centres has updated work from the turn of the century for DCLG and its predecessors, which modelled retail floorspace at a small spatial scale. However, this only looks at retail property which has been developed and not that which is planned. DCLG published data only covers completions to 2008. This data is held by the Valuation Office Agency and is collected for rating purposes and paid for by DCLG.
16. We have been pressing for a question about applications for retail development to be added to the quarterly PS2 return completed by all Local Planning Authorities which would allow the amounts and locations (i.e. whether in or out of centre) of applications for large units (over 1,000sqm gross floorspace) to be monitored in a simple and timely fashion. This is information which Local Planning Authorities already collect for their own use so would not be burdensome to forward to DCLG.

#### **Why is development not occurring in Town Centres?**

17. Whilst there is insufficient evidence to state what impact the NPPF has had on town centre retail development, the question must be asked as to why so little is taking place. Town centre retail development is generally slow and complex with long lead-times compared to out-of-centre sites due to the need for e.g. site assembly. Retailers, developers and investors all require consistency and clarity of policy. Positive and pro-active planning by Local Planning Authorities is of great importance if projects are to succeed.
18. The NPPF tasks Local Planning Authorities with preparing proactive and commercially-realistic visions and strategies for town centres, but in practice they simply do not have the resources or know-how to deliver on this. Without a clear vision and strategy for their town centres, instead of planning for the development of their centres – the plan-led approach – local authorities are left with a reactive approach which often fails to produce town centre developments.

19. In discussions, local authorities agreed that strategic visions are crucial to both plan-making and decision-taking, but they were also clear that they do not have the budgets to justify the preparation of more detailed Area Action Plans, masterplans and development or investment frameworks. Providing up-to-date definitions for Primary Shopping Areas, primary and secondary retail frontages and for the wider town centre is not by any means universal; and developing a vision and implementing it in partnership with developers, rare. Stretched local authority teams concentrate on housing and leave town centres as development pressures are currently so much less; local development plans rarely add to the policies in the NPPF, the only exception maybe being a proposed lower local threshold for impact assessments i.e. negative controls rather than positive planning.
20. If positive, pro-active and commercially-attuned planning for town centres is really a key part of the Government's approach, much more weight, guidance and money needs to be put behind it than at present. The town centre first approach needs to be translated in the NPPF into a policy for promoting development in town centres.

### **Use Classes and Permitted Development**

21. Since the introduction of the NPPF there have been several changes to the Use Classes Order allowing increased Permitted Development Rights, in particular from offices (B1) to housing (C3) and small shops or providers of professional/financial services (A1 and A2 uses) to residential use (C3). Further changes have been outlined in the 2014 Budget Document.
22. These changes nominally seek to bring vacant and underused premises into use as housing, but they appear to encourage developers to strip out offices and shops to bring about a short-term increase in housing where the uplift in value is highest, whilst not recognising the likely impact of losing these town centre activities on the centres themselves, smaller ones especially so.
23. Such continual changes serve to provide more uncertainty for developers and investors in long-term town centre developments and to undermine town centre plans, thus dis-incentivising positive pro-active planning by local authorities.
24. Government needs to take a much more strategic and long-term approach to Use Classes Orders and Permitted Development, including a proper assessment of their impact on town centre viability.

Yours sincerely,

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