

THE SEQUENTIAL APPROACH TO RETAIL DEVELOPMENT

This CB Hillier Parker study led by Jonathan Baldock, concludes that there have been substantial changes in local authority policies and decisions for retail development due to the sequential approach. There have also been changes in the decisions by Planning Inspectors and the Secretary of State, although with some inconsistency. Whilst food retailers are changing their store formats and focusing more on town centre and edge of centre sites, this has been as much due to commercial considerations as to the sequential approach. Developers and non-food retailers are showing fewer signs of flexibility, although are being affected. The correct interpretation of the sequential approach and the definition of edge of centre for retail development remain unclear.

- Whereas before the sequential approach, Local Plans did not generally focus retail development primarily on town centres, now most include the sequential approach in policy in some specific way.
- Even before the sequential approach was formalised in PPG6 of June 1996, most local authorities tried to resist out of centre development and / or maintain the vitality and viability of their town centres, but often without success. After, they have been generally more successful in resisting unwanted out of centre development.
- Most food retailers have introduced new smaller store formats in recent years, focused more on town centre and edge of centre locations. This has been as much due to the need to exploit smaller markets as to the sequential approach, although accords with it. Some food retailers however, are trying to develop much larger stores selling food and non-food goods, mainly located outside town centres.
- Developers and food and non-food retailers consider that the distance guidance in PPG6 is inappropriate as the criterion for a site being edge of centre, and think that more flexibility is needed. They are also concerned that the sequential approach is being applied prescriptively as a test, to achieve a moratorium on out of centre development.
- Before the sequential approach, Planning Inspectors applied the test of whether there would be harm to the vitality and viability of the town centre as a whole, and to the development plan strategy. After, in addition to compliance with planning policy, the tests are whether there is a need for the development and whether it would be located in accordance with the sequential approach. However, the sequential approach is not being consistently interpreted and applied by Planning Inspectors.
- There is a need for more research on the definition of edge of centre, the availability and suitability of town centre and edge of centre sites, retailer flexibility, and town centre and edge of centre capacity to accommodate new retail development.

Local Authorities and the Sequential Approach

Only half of the local authorities interviewed have commissioned studies of the need for additional retail development; and the investigation and allocation of commercially suitable and available sites in Local Plans appears limited. Need is mainly interpreted as quantitative retail capacity.

Most local authorities interviewed included a sequential approach in their Local Plans. Inclusion varies between a sequential approach policy, a criterion in policy, reference to the sequential approach in the text, and a general steer for development to be located adjacent to or on the edge of town centres. The sequential approach in Local Plans is on the basis of the 'built form' rather than the 'class of goods' interpretation; and there are no explicit requirements for retailer or developer flexibility.

There has been little private sector consultation to identify retail development sites. Instead, it has been part of the Local Plan process, once the sites had been identified. Local authorities are however increasing collaboration with the private sector to identify sites, particularly through town centre partnerships and Town Centre Strategies / Action Plans. Only just over half of the local authorities interviewed have allocated retail development sites in their Local Plans. The majority of Local Plans do not distinguish between the location of sites, in terms of in or edge of centre.

In general local authorities have not clearly defined edge of centre, either in policy, site allocations in Local Plans, or in terms of functional relationships and linkages. Several emerging Local Plans consider edge of centre, although definitions lack detail. In practice local authorities have struggled with defining edge of centre for retail development.

The majority of local authorities have recently prepared, or are preparing town centre strategies, including assessment and identification of retail sites. The majority have also produced site Development Briefs, generally for town centre schemes. Local authorities are not very active in Compulsory Purchase for site assembly.

Current pressure is mainly for retail warehouses or other non-food development. Local authorities were trying to resist out of centre development and/or maintain the vitality and viability of town centres before the sequential approach, but often with little success. Since, the sequential approach, they have been more successful in opposing unwanted out-of-centre proposals.

The response of developers to the Sequential Approach

In general the sequential approach has been informally subsumed within company practice and decision making, rather than being formally introduced. The majority of developers use it as a criterion in identifying sites, resulting in an increased focus on edge of centre development.

There is no clear pattern in the development programme of the developers interviewed; although saturation of the market for their format and a commercial decision to change direction have influenced change. Developers are now less optimistic about obtaining planning permission due to the sequential approach, and

are taking fewer risks in pursuing sites than before it was introduced. There is concern that distance is inappropriate for determining whether a site is edge-of-centre.

Developers now submit sequential approach assessments with planning applications. However, these appear merely to pay lip service to the sequential approach. None of the assessments analysed found any more suitable, viable or available site; mainly because alternative sites were not large enough to accommodate the scale of development proposed. Thus developers universally apply the 'built form' interpretation of the sequential approach. There is little evidence of flexibility by developers, to accommodate new schemes on more central sites.

There appears to be little involvement by developers in the Local Plan process because the timescales are too long and do not fit with development timescales. There is very little collaboration between developers and local authorities on site identification, largely because they feel it could prejudice their commercial position. All of the developers have increased pre-application discussions with local authorities, although not necessarily due to the sequential approach.

The developers raised a variety of complaints about the decision process; including the increased importance of local politics rather than the sequential approach, the element of unfair competition caused by the sequential approach, use of the sequential test as a moratorium on out-of-centre development, and inconsistencies with its application.

The response of food retailers to the Sequential Approach

All of the food retailers are aware of the sequential approach and its implications for the company and new store development. Apart from one, all of the food retailers indicated that they were already considering sequential issues and the need to focus on town centres before June 1996. The sequential approach has been introduced as a decision criterion by the majority of food retailers. However, for most, their planning team and consultants are reactive in the process of identifying sites, which is led by the retailing function. Therefore, the extent to which the sequential approach positively guides new development is questionable.

The majority of food retailers consider that there is now an increased focus on town centre and edge-of-centre sites, and the evidence supports this. The reasons are partly commercial and partly the changing planning regime. New store development has not been halted by the sequential approach. However, difficulties with developing in town centres were raised, including increased cost of sites, and problems with site assembly due to multiple ownership. Food retailers unanimously consider the distance rule inappropriate for defining edge-of-centre. The whole issue of edge-of-centre development is regarded as unclear, too rigid and too prescriptive. All of the food retailers prepare a sequential site assessment to submit in conjunction with planning applications.

The majority of food retailers have introduced new smaller store formats. However, this is not necessarily due to the sequential approach, but rather a commercial decision. The new formats vary from smaller high street stores to slightly smaller superstores carrying fewer lines. Only one food retailer is introducing a larger format.

The majority of food retailers are involved in the Local Plan process. Involvement varies from regular monitoring, to representations on a particular scheme. Food retailers have always been involved in the Local Plan process and this is not therefore due to the sequential approach. Food retailers regard 'need' as an issue for local authorities as part of the Local Plan. They consider that local authorities deal with it inadequately.

In general the food retailers have not increased collaboration with local authorities in site identification. The reasons include local authorities' preference for their own sites, timescales, local politics, increased costs through hope value, and the need for commercial confidentiality. Collaboration with local authorities has increased once the site has been chosen, on pre-application discussions and working up of schemes. There is, however, little interaction with local authorities on Compulsory Purchase to facilitate food store development. Inconsistency between local authority and central government decisions on sites was a concern. Food retailers were also concerned that the sequential approach is regarded as a 'test' by local authorities, rather than an approach; and any non-central application is refused, for failing a sequential test.

The response of non-food retailers to the Sequential Approach

The extent to which non-food retailers have responded to the sequential approach varies, depending on the nature of their operations. Those which operate out-of-centre formats have more formally introduced the sequential approach into company decision taking. Those operating mainly in town centres have assimilated it more incrementally. Only one retailer interviewed has not obviously incorporated it into decisions. The majority include it as a criterion in site identification; but the importance of it varies from a key determinant, to a virtually exclusive requirement

There appears to have been little change in the location of new stores following the sequential approach. Out-of-centre non-food retailers continue to open out-of-centre stores and vice versa for town centre retailers. Non-food retailers are able to continue developing out-of-centre stores by virtue of existing consents, Local Plan allocations, take-over of existing stores, and where precedent has already been set. The sequential approach has not substantially affected the developments of any of the non-food retailers interviewed. Only one suggested that the supply of sites had diminished.

The non-food retailers that mainly operate out-of-centre always submit a sequential approach assessment with planning applications. These always support the proposal site, finding alternative sites unsuitable because of size, location, access, other developments, lack of existing consent or lack of local authority support. There is very little evidence of flexibility by non-food retailers. If anything, some new formats are at odds with the sequential approach by increasing the size of stores.

The majority of non-food retailers have some involvement in the Local Plan process, either through regular monitoring or on particular schemes. There is some concern about Local Transport Plans and potential damage to town centre sales caused by traffic restraint measures.

Few non-food retailers collaborate with local authorities on site identification but the majority have increased pre-application discussions. This is important to retailers that mainly operate out-of-centre; as it is an opportunity to familiarise local authorities with their particular offer and the perceived benefits, such as employment creation and regeneration of derelict land.

A key issue for non-food retailers is rigidity in interpretation of the sequential approach. They perceive that it is almost used as an embargo on out-of-centre development; which they consider is appropriate in certain circumstances, and a balance needs to be struck.

The effect on Planning Inquiry Decisions

There has been a substantial shift in the basis of decisions by Planning Inspectors and the Secretary of State in Planning Appeals and Call-In Inquiries. Before the sequential approach, the test applied was usually that of whether there would be harm to the vitality and viability of the nearby town centre as a whole and to the development plan strategy. After, the tests being applied are whether there is a need for the development, and whether it would be located in accordance with the sequential approach. Need is mainly interpreted in terms of retail capacity based on expenditure; and significant adverse impact on a town centre is taken to indicate absence of need.

There is considerable inconsistency in the way in which the sequential approach is interpreted by Planning Inspectors and the Secretary of State. In the cases examined where the interpretation was an issue, approximately half were decided on the basis of the built form interpretation, and the other half on the class of goods interpretation. Thus in a substantial number of cases, Inspectors have not given weight to the requirement in PPG6 for retailers to be flexible about their trading formats.

The cases reviewed suggest that there is no commonly agreed basis or criteria used in assessing the availability and suitability of town centre or edge-of-centre sites. The assessment is inextricably linked with the interpretation of the sequential approach applied, as well as with the issue of whether or not there is a need for the proposed development. Where need was assessed as need for the proposed development rather than need for additional retail floorspace, albeit of a different type, the conclusion was more likely to be that there were no suitable town centre or edge-of-centre sites. No clear pattern could be discerned as to the criteria being applied by Inspectors in deciding whether sites are edge-of-centre. Where it was concluded that there was no need in terms of capacity for the proposed development, the sequential approach was not normally applied.

Further Research Proposed

CB Hillier Parker suggested that further research should be undertaken, as follows:

- The definition of edge of centre, taking account of functional relationships and trip linkages;

- The suitability and availability of town centre and edge of centre sites, in relation to the issues of need and the interpretation of the sequential approach.
- The degree to which retailers could be flexible about their formats whilst still remaining competitive.
- The physical capacity of town centres and edge of centre locations to accommodate potential development needs.

The aim of the first two research areas would be to produce a good practice guide for local authorities, the private sector and Planning Inspectors. The findings from all four research areas would also influence any future amendments to PPG6.

How to get further information

The full report; THE SEQUENTIAL APPROACH TO RETAIL DEVELOPMENT is published by NRPF and can be purchased for £45.00 (£25 local authority) from NRPF, 6 Copperfield Street, London SE1 OEP. Tel/Fax 020 7633 0903

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