

Planning Policy Consultation Team

Ministry of Housing, Communities and Local Government

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LONDON

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9 May 2017

Dear Sir/Madam

**Consultation on National Planning Policy Framework Proposals**

**Introduction**

Accessible Retail (AR), is the trade body which represents the property interests of

the retail warehouse and retail park sector of the retail industry. We have over 1200

members comprising retailers, developers, owners/investors and advisers, including

most of the major companies active in the sector

Our sector plays a significant role in the economy and in the retail industry and many

of our members across Europe and beyond. The sector accounts for a third of total

retail spend and comprises the largest part of investment grade retail commercial

property. Our sector employs some 750,000-800,000 people.

**Opening Remarks**

We support the Government’s aim to make the planning system more effective and agree with most of the proposed changes which are relevant to our industry.

However, we have significant reservations about the following aspects of the Framework:-

1. We do not support the proposal to extend the scope of the Sequential Test;
2. The proposal to make it easier to change the use of under-utilised retail land should make it clear that existing retail parks and warehouses are not under-utilised land.
3. Policies should be added to protect retail parks and warehouses in recognition of:
4. the major contribution they make to economic growth and employment,
5. the fact that, for many multiples, relocation to more efficient retail park locations is a key means by which they can compete with on-line trading and respond to changing market conditions.

We exemplify the reasons for our concerns on these issues blow in answer to the questions posed in the Consultation.

**Chapter 1**

**Q1 Do you have any comments on the text of Chapter 1?**

No.

**Chapter 2**

**Q2 Do you agree with the changes to the sustainable development objectives and the presumption in favour of sustainable development?**

We support the improved clarity given to placing sustainable development at the heart of the Framework including that it has three interdependent and mutually supportive aims: achieving social and environmental benefit together with building a strong, responsive and competitive economy with sufficient land of the right types available in the right places and at the right time to support growth, innovation and improved productivity. Also, we support that the implication of this for plan making is that plans should positively seek opportunities to meet the development needs of their area, and be sufficiently flexible to adapt to rapid change

**Q3 Do you agree that the core principles section should be deleted, given its content has been retained and moved to other appropriate parts of the Framework?**

Yes.

**Q4 Do you have any other comments on the text of Chapter 2, including the approach to providing additional certainty for neighbourhood plans in some circumstances?**

No**.**

**Chapter 3**

**Q5 Do you agree with the further changes proposed to the tests of soundness, and to the other changes of policy in this chapter that have not already been consulted on?**

We welcome the introduction of a requirement on local authorities to consider reviewing their plan policies at least once every 5 years. This has been part of previous regimes, but rarely achieved. If introduced, therefore, close monitoring will be needed allied to stepping in where authorities fail to deliver.

We support the increased focus on joint working between authorities provided safeguards are introduced to prevent disagreements between neighbouring authorities resulting in delays to the plan making process.

We note that the proposed change is put forward predominantly in the context of meeting housing needs, but there have been examples where the issue of disagreement concerned perceived competing retail developments. Bearing in mind that the catchment areas of larger retail developments, both in town centres and out of town, usually transcend local authority boundaries, the Framework could usefully identify this as an important issue for collaborative plan making.

We support the requirement for a more adequate but proportionate evidence base and a clear statement setting out the strategic policies and site allocations needed to deliver the key aims outlined in paragraph 20.

However, this paragraph includes reference to ‘appropriate’ retail development and whilst this phrase is straightforward, when read with the policy statements in Chapter 7, it could be taken to imply that appropriate only means in town centres and high streets. In our submission, there are clear circumstances where out of town provision is appropriate and the NPPF should make it clear this is the case. We exemplify our reasoning in our response to Chapters 6 and 7.

**Q6 Do you have any other comments on the text of Chapter 3?**

No.

**Q7 The revised draft Framework expects all viability assessments to be made publicly available. Are there any circumstances where this would be problematic?**

Yes. Public knowledge of commercially sensitive data and judgements could give an advantage to competitors or even influence a company’s market standing. If it is decided that all viability assessments are to be made public, the Framework should make it clear that commercially sensitive data will be redacted.

**Q8 Would it be helpful for national planning guidance to go further and set out the circumstances in which viability assessment to accompany planning applications would be acceptable?**

Yes. In our view, this is best achieved by identifying those circumstances when a viability assessment would not be needed - for example, the decision of the Mayor of London not to require one where targets for the delivery of affordable housing are met.

Also, a viability assessment should not be required where the planning policies of an authority are satisfied in a proposed development. If used otherwise, assessments become a mechanism for maximising value capture, rather than a means of ensuring that a development contributes appropriately to defined community needs. Already, in scrutinising viability, some authorities and Inspectors are adopting opinions on developers’ risk/reward ratios (i.e. profit margins), an area in which arguably they are not competent and where they do not bear the risk.

**Q9 What would be the benefits of going further and mandating the use of review mechanisms to capture increases in the value of a large or multi-phased development?**

The Framework should explicitly state that decreases in contributions as well as increases could be appropriate as the value of a large scheme changes overtime. In addition, as argued above, the use of review mechanisms should be focused solely on schemes which are significantly deficient in policy terms.

**Q10 Do you have any comments on the text of Chapter 4?**

We have concerns at the proposal to test the viability of proposed site allocations on an area wide basis at the plan making stage. Rather than giving clarity and certainty, we believe a more likely outcome will be the creation of unrealistic expectations on the part of authorities. Often it is years between plan adoption and development taking place, during which time the variables (for example, land costs, rental values and land taxes) would have changed significantly. Also, at the plan making stage there are significant unknowns regarding construction including unexpectedly adverse ground conditions; unrecorded utility services, adverse weather conditions, supply problems and inflation in costs. Lastly, the data used in appraisals must be based on current market conditions, none of which can reliably be foreseen some years earlier when plans are being prepared and adopted. For these reasons, we do not consider the proposal will confer much benefit to either developer or the planning authority.

**Q11 What are your views on the most appropriate combination of policy requirements to ensure that a suitable proportion of land for homes comes forward as small or medium sized sites?**

No comment.

**Q12 Do you agree with the application of the presumption in favour of sustainable development where delivery is below 75% of the housing required from 2020?**

No comment.

**Q13 Do you agree with the new policy on exception sites for entry-level homes?**

No comment.

**Q14 Do you have any other comments on the text of Chapter 5?**

No.

**Q15 Do you agree with the policy changes on supporting business growth and productivity, including the approach to accommodating local business and community needs in rural areas?**

Yes.

**Q16 Do you have any other comments on the text of chapter 6?**

Rightly, in our view, the policies in Chapter 6, notably paragraph 82, aim at building a strong and competitive economy. The retail industry is a key part of the economy contributing some £194 billion to UK economic output and providing employment for 20.5% of its workforce.

The retail parks and warehouses sector constitute an important part of this industry. Research by CBRE has shown that on a typical working day, the out of town retail sector directly employs some 725,000 people in the UK, a figure which rises to around 800,000 in the peak before Christmas. This is significantly more than the Big Four banks which employ 597,000 people worldwide. By comparison, pure play retail directly employs only 61,000 people.

Unlike many other sectors such as financial services, our sector offers employment opportunities throughout the UK. It employs people in a wide range of employment types catering to people of all skill levels and is a major source of employment for women with children looking for part time jobs with good terms and conditions of employment and opportunities for advancement. Key out of town players offer apprenticeships and training schemes in roles such as hospitality, management, engineering and joinery allowing people unable to complete higher education to work towards professional qualifications.

In financial terms, out of town retailing accounts for some 30% of total retail spend from 3% of all retail outlets and comprises the largest part of investment grade retail commercial property with a value exceeding that of either shopping malls or high street shops. The sector has proved the most resilient of the main retail sectors in responding to growing competition from on-line trading.

This contribution of retail, especially the out-of-town sector, is not recognised in the NPPF, nor by many local authorities. It is irrational that whilst B8 (storage and distribution) is recognized as an economic and employment use, retail does not. This is despite that, following the blurring of the lines between digital and physical retail operations, substantial levels of retail purchases are made online with those purchases being delivered from storage units. To counter this, the Framework should state the forms of economic development that policy wishes to support in a new paragraph immediately after paragraph 82 and include retail. Also, this should explicitly state that retail includes out of town retail parks and warehouses.

However, one of the policies proposed in Chapter 7 has the contrary impact. It seeks to enhance the current policy of trying to keep retailing in town centres by suppressing out of town trading, through further strengthening the sequential test.

In our view (one shared by a significant number of industry experts), the belief that out of town trading is the prime cause of town centre decline does not stand up. Research has shown it is often complementary, providing trading formats (large boxes) which would be architecturally incongruous sited in town centres and by keeping heavy lorries delivering bulky goods and similar materials out of congested city streets. Rather, as we explain in our response to Question 17, the continuing threat to town centres is coming from on-line traders, the impact of which is best tackled by intensification and diversification rather than by enhanced discrimination against our sector.

In short, the Framework does not recognise the retail industry is exposed to the demand of market forces in a way that no other service sector experiences. Consumer demand for new products, services and retail experiences are reflected by fast evolving changes in supply and the pressures exerted by new forms retailing. The latter requires that policy is not rigid and discriminatory but has a flexible approach which enables the retail property industry to be responsive to and support market requirements of traders. Providing for trading from retail parks and warehouses is a key element of this approach.

Of further concern is that far from recognising this, the perception and practice are growing in planning authorities that out of town retail parks are under-developed land and their use can be changed to residential. The Mayor of London, for example, has specifically embarked on this route in the New London Plan. The Framework should explicitly state that existing retail parks and warehouses are not under-utilised land.

We submit that the premise on which the extended sequential test is founded is wrong which means more support can safely be given to retail parks and warehouses. We discuss this in more detail in our response to question 17.

**Q17 Do you agree with the policy changes on planning for identified retail needs and considering planning applications for town centre uses?**

In part. We agree that successful high streets and town centres are vital social centres for communities support the approach of ensuring town centre planning is adaptable to the changing nature of the high street. We support diversification including new residential, hotels, entertainment, the return of public services and the development of a night time economy.

Also, we support that in allocating sites to meet the need for town centre uses, policies should look at least ten years ahead and that town centre boundaries should be kept under review so that identified uses needed can be accommodated.

In our response to question 16, we indicted we do not support the strengthening of the sequential test. Our reasons are as follows. The decline in town centre multiples is due to the rise of on-line competition. Over the past 15 years retailing has undergone the fastest evolution in its history resulting in a permanent structural change in retailing, Technology has changed the way people spend with the rise of on-line trading creating a new competitive market place and now comprises some 16% of retail sales. This trend is forecast to continue. This growth of online shopping (coupled with the other factors we mention below) has changed the role of town centres - no longer are they able to rely for their prosperity on maintaining their past extent and type of retail activity..

Retailers now need fewer stores and are looking for new units with modern, larger and well configured space convenient and accessible to their customers, requirements which have left many with wrongly configured and uneconomic estates. For many multiples, town centres and high streets no longer provide them with the efficient trading spaces needed to be able to respond to on-line competition. For many traders, these locations are now high cost (rates, rent, parking and build costs), the effect of which has been to reduce trading margins to a level where business has become unsustainable.

Thus, whilst policy in the consultation draft recognises the threat to high street and town centre retailing posed by steady year-on-year growth in on-line trading volumes and rightly reconfigures policy away from a sole reliance on protection towards a more likely to be successful diversification of uses in these areas, it does not in parallel recognise that the continuing migration of retailers, especially multiples, into retail parks is in response to on-line competition. The fact is that for many multiples the latter are a more efficient trading format than is now available in town centres or high streets.

In our submission, therefore, the strengthening of the sequential test is not needed. It will not materially help to maintain vitality in town centres, but it will make it more difficult for retailers to combat on-line competition by relocating to retail parks. Out of town is part of the solution, not the problem.

Notably, the distribution of retail parks has now reached its optimum with the number of new parks being established in the future likely to be very few. However, existing parks and warehouses will wish to improve and regenerate themselves and should support this for the reasons we have already cited.

**Q18 Do you have any other comments on the text of Chapter 7?**

No.

**Q19 Do you have any comments on the new policies in Chapter 8 that have not already been consulted on?**

No.

**Q20 Do you have any other comments the text of Chapter 8?**

No**.**

**Q21 Do you agree with the changes to the transport chapter that point to the way that all aspects of transport should be considered, both in planning for transport and assessing transport impacts?**

Yes.

**Q22 Do you agree with the policy change that recognises the importance of general aviation facilities?**

**No comment.**

**Q23 Do you have any other comments on the text of Chapter 9?**

No.

**Q24 Do you have any comments on the text of Chapter 10?**

No.

**Q25 Do you agree with the proposed approaches to under-utilised land, reallocating land for other uses and making it easier to convert land which is in existing use?**

In general, we support the amendments to make it easier to reallocate under-utilised land for other uses. However, in the case of retail land, care needs to be taken in reaching the conclusion that it is under-utilised and likely to remain in this state. Such land is likely to be empty shop units in town centres and high streets which have closed as a result of the restructuring of the industry and are unlikely to be used again for retail purposes. Changing the use of these sites to housing and/or other town centre uses will assist both in meeting unsatisfied housing demand and town centre regeneration.

However, the Framework should make it clear that this policy is not applicable to viable retail sites in active use or which are in short term void (for example, between lettings or whilst refurbishment takes place). This is a real risk; as we commented earlier, some authorities are considering identifying existing retail parks as under-utilised and suitable for conversion to housing.

Presumably, this emanates from the two perceptions that retail parks are damaging to town centres and have visibly low plot ratios. We have already commented that the first of these is misguided. Outside the strongest centres, retail parks offer multiples the most efficient trading format from which to counter on-line competition. If the Framework condones the re-designation of existing viable parks, this competitive lifeline will be compromised as will the important contribution the out of town sector makes to the economy and employment.

The second, targetting retail parks because of their lower plot ratio is equally misguided. All land use is under-utilised by comparison with say CPDs or high density residential areas – what matters for occupiers is that the distribution and format of buildings and parking on their sites meets the needs of their business models. In the case of retail parks, this means large efficient trading box formats with adequate car parking accessible at ground level for customers buying from bulky goods traders. In this way, retail parks are not under-utilised any more than the 40/60 plot ratios of modern industrial estates are under-utilised – both are configured to meet the operational needs of occupiers and of their customers.

**Q26 Do you agree with the proposed approach to employing minimum density standards where there is a shortage of land for meeting identified housing needs?**

No comment.

**Q27 Do you have any other comments on the text of Chapter 11?**

No.

**Q28 Do you have any comments on the changes of policy in Chapter 12 that have not already been consulted on?**

No.

**Q29 Do you have any other comments on the text of Chapter 12?**

No.

**Q30 Do you agree with the proposed changes to enable greater use of brownfield land for housing in the Green Belt, and to provide for the other forms of development that are ‘not inappropriate’ in the Green Belt?**

No Comment.

**Q31 Do you have any other comments on the text of Chapter 13?**

No.

**Q32 Do you have any comments on the text of Chapter 14?**

No.

**Q33 Does paragraph 149b need any further amendment to reflect the ambitions in the Clean Growth Strategy to reduce emissions from buildings?**

No.

**Q34 Do you agree with the approach to clarifying and strengthening protection for areas of particular environmental importance in the context of the 25 Year Environment Plan and national infrastructure requirements, including the level of protection for ancient woodland and aged or veteran trees?**

Yes.

**Q35 Do you have any other comments on the text of Chapter 15?**

No.

**Q36 Do you have any comments on the text of Chapter 16?**

No.

**Q37 Do you have any comments on the changes of policy in Chapter 17, or on any other aspects of the text of this chapter?**

**No.**

**Q38 Do you think that planning policy on minerals would be better contained in a separate document?**

No comment.

**Q39 Do you have any views on the utility of national and sub-national guidelines on future aggregates provision?**

No.

**Q40 Do you agree with the proposed transitional arrangements**

**Q41 Do you think that any changes should be made to the Planning Policy for Traveller Sites as a result of the proposed changes to the Framework set out in this document? If so, what changes should be made?**

No comment.

**42 Do you think that any changes should be made to the Planning Policy for Waste as a result of the proposed changes to the Framework set out in this document? If so, what changes should be made?**

No comment.

**Q43 Do you have any comments on the glossary?**

No.

**Summary**

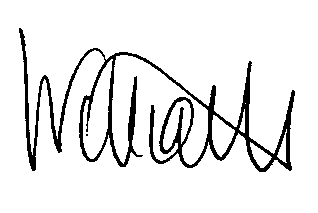
We recognise that our primary submissions constitute a significant challenge to the current policy perception that out of town retailing is a primary cause of town centre decline and must be discouraged in the first instance In our view and increasingly those of other experts, it is not. Rather, the challenge to retailers is coming from on-line trading and for many multiples, traditional town centre locations are not able to deliver the efficiencies they need to survive such intense competition. Ensuring retail parks and warehouses thrive, therefore, is crucial to maintaining a strong retail industry making an important contribution to the economy and to employment.

We set out comprehensively these arguments and the evidence supporting them in our response to the 2014 House of Commons Business, Industry and Skills Committee Review of the Retail Sector. Since then, on-line competition has continued to grow and with it the restructuring of the industry in response. Policy must catch up with this.

We submit there is sufficient convincing evidence to implement the changes we are advocating now in the current consultative process. Failing this, we urge that the evidence makes a prima facie case for the Government to implement and lead a debate on the issues raised. We would be very pleased to participate in this.

If you would like to discuss this further, please contact us at the address below.

Yours Sincerely



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