

PLANNING POLICY STATEMENT 4 (PLANNING FOR PROSPEROUS ECONOMIES): RESPONSE TO CONSULTATION

REPORT BY THE DIRECTOR OF DEVELOPMENT AND REGENERATION

1.0 PURPOSE OF REPORT

1.1 The Department of Communities and Local Government (CLG) has issued a consultation paper on proposed new draft policy guidance on planning for sustainable economic development (PPS4). This report provides comments on the guidance and seeks Committee agreement so that it can be submitted as the Council's formal response.

2.0 BACKGROUND

2.1 Planning Policy Statements (PPS) set out the Government's national policies on planning. They are taken into account in preparing Council planning policy documents such as the Local Development Framework (LDF) and are material considerations in determining planning applications.

2.2 Draft PPS4 sets out the national planning policy framework for delivering the Government's objectives for economic development. The consultation period runs until 28th July 2009. A copy of the *Consultation Paper on a new Planning Policy Statement 4: Planning for Prosperous Economies* is available in the Members Room or on the CLG website (www.communities.gov.uk). Responses received by CLG will be taken into account in preparing the final PPS.

2.3 In its final form, this PPS will consolidate national planning policy on economic development into a single streamlined planning policy statement and will replace:-

- Planning Policy Guidance Note 4: Industrial, commercial development and small firms (1992),
- Planning Policy Guidance Note 5: Simplified Planning Zones (1992)
- Planning Policy Statement 6: Planning for town centres (2005).

It will also replace parts of:-

- Planning Policy Statement 7: Sustainable development in rural areas (2004)
- Planning Policy Guidance Note 13: Transport (2001)

2.4 Previously, CLG consulted on revisions to PPS4 and PPS6 as separate documents. These were brought before this Committee on the 29th January 2008 and the 23rd September 2008 respectively. By bringing together all of the key national planning policies into one document relating to the economy it is the Government's intention to create a coherent and modern planning policy statement.

Economic Development in Sunderland

- 2.5 The City Council has a long standing commitment to the continued growth of economic development throughout Sunderland. Following the decline in traditional industries, large areas of former employment land became vacant and derelict.
- 2.6 The Council's previous review of employment land allocations (Maintaining the Balance; 2001) recommended the reallocation of over 80ha of land allocated for economic development in the Unitary Development Plan (UDP). The majority of this was large areas of employment land left vacant through the decline of traditional industries. This review informed the basis of revised planning policies for Central Sunderland (UDP Alteration No. 2) and provides a framework for the regeneration activities of Sunderland Arc.
- 2.7 More recently, the Sunderland Strategy and emerging Local Development Framework support the retention and further growth of economic development throughout the City and recognition is given to the need to maintain a portfolio of land fit-for-purpose able to sustain existing industries whilst remaining flexible to encourage new and emerging employment sectors.
- 2.8 Consultants were commissioned in late 2008 to undertake a citywide review of land allocated for economic development (Sunderland Employment Land Review; 2009) with the final report expected to be submitted to the City Council in July 2009. The results from this review will provide important evidence in considering new allocations and the potential to reallocate or even deallocate older employment sites. This will ensure there is sufficient land allocated for economic development in the employment land portfolio to meet the requirements of the plan period to 2021. A similar report is being undertaken to determine the City's long term retail requirements.
- 2.9 Following a report to Cabinet on the 30th July 2008 Sunderland City Council began the process of procuring consultants to deliver an Economic Masterplan for Sunderland. In April 2009, following a competitive procurement process, a consortium of consultants led by GENECON was appointed to deliver Sunderland's Economic Masterplan. The Economic Masterplan will answer the following key questions for the city:
- What sort of economy do we want in the city?
 - What will the economic drivers be?
 - What will (or could) this look like on the ground?
 - What do we need to do to ensure that local residents benefit?
- The Economic Masterplan is due to reach draft final stage by spring 2010 and will then need to go through appropriate approval processes.

3.0 MAIN ASPECTS OF DRAFT PLANNING POLICY STATEMENT 4

- 3.1 The main purpose of the 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. It emphasises the contribution that planning can make to help deliver jobs, investment and improved productivity.
- 3.2 The guidance provides a broad definition of economic development; this includes development within the B Use Classes¹, town centre uses² and other development which achieves at least one of the following objectives:
- Provides employment opportunities;
 - Generates wealth; or
 - Produces or generates an economic output or product.
- 3.3 Key objectives outlined by the Government to achieve prosperous economies include:
- 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, towns, sub-regions and local areas, both urban and rural, and reduce the gap in growth rates between regions, promoting regeneration and tackling deprivation;
 - Delivering more sustainable patterns of development;
 - Promoting the vitality and viability of town and other centres as important places for communities;
 - Promoting social inclusion, ensuring that communities have access to a range of main town centre uses.
- 3.4 The guidance covers a wide range of issues relating to sustainable economic development including positive plan making for economic development, adopting the town centre first approach (for specific land uses), using evidence to plan positively, recognising the needs of business, efficient and effective use of land, and securing a high quality environment.

4.0 OVERVIEW

- 4.1 A number of proposals outlined in the draft PPS have implications for policies in the City's emerging Local Development Framework:-

¹ B1 Business Offices, research and development, light industry. B2 General Industrial. B8 Storage and Distribution.

² Town centre uses include retail, leisure and entertainment facilities, offices, and arts, culture and tourism.

4.2 **Using evidence to plan positively**

The Draft PPS (Policy EC1) places significant emphasis on local planning authorities using robust evidence base to understand both existing business needs and likely changes in the market and to develop policies able to support sustainable economic development.

4.3 The Council recognises the essential requirement of a robust evidence base to help inform proactive plan-making and decision-taking on economic development. The Council supports the view of the Draft PPS in the requirement of a robust evidence base. The City Council is in an advanced position in meeting the requirement to use robust evidence with an up-to-date Employment Land Review, Retail Needs Assessment to support the Local Development Framework (LDF), and an emerging Economic Masterplan and Economic Assessment.

4.4 **Local planning approach to economic development**

The Draft PPS (Policy EC4) seeks for local authorities to:

- Positively and proactively encourage sustainable economic growth based on a locally specific economic vision and strategy;
- Make full and effective use of the planning tools available to simplify the planning process;
- Prioritise previously developed land, and the re-use vacant or derelict buildings;
- Support existing business sectors recognising their future demands.

4.5 The Council supports this approach as allows a clear and robust approach to the development of the emerging LDF and supports the delivery of sustainable economic development.

4.6 **Effective and efficient use of land**

Guidance provided in the Draft PPS encourages local authorities to seek the most efficient and effective use of land and buildings, especially vacant or derelict buildings. Authorities should also take into account changing working patterns, economic data, and the need for policies which reflect local circumstances.

4.7 The Council supports the requirement to guide development toward previously developed land (brownfield), however this conflicts with guidance provided in other PPS documents (e.g. PPS3 Housing) as it will result in direct competition for brownfield development between housing and economic development (as defined in the Draft PPS). This would result in the priority for the redevelopment of brownfield sites to be directed toward uses other than employment, particularly housing.

4.8 **Local planning approach to town centres**

The draft PPS emphasises the need to set out a spatial vision and strategy for the management and growth of centres. A much stronger approach to identifying and accommodating growth is proposed which emphasises the role of the development plan in driving development, rather than relying on planning proposals. A key change is the deletion of

- the “needs test” where applicants have to demonstrate that there is a quantitative and qualitative justification for large-scale retail proposals (though robust evidence of need will remain a key part of the plan preparation process).
- 4.9 The needs test for applications is replaced by a greater emphasis on assessing the impacts – both good and bad – of proposals. Importantly, separate good practice guidance is to be published to support the final PPS – *Planning for town centres: good practice guide on need, impact and the sequential approach* – this is in draft form at the moment and is also subject to consultation but its preparation is a strong sign that appropriate detailed guidance will be available alongside the final PPS.
- 4.10 The removal of the needs test is in response to the Barker Report³ conclusions that the test has proved, in some respects, to have the unintended effect of restricting competition and limiting consumer choice. In addition, there is often limited supporting analysis in impact assessments of how impact on town centres has been considered and assessments tend to focus narrowly on trade diversion effects and on specific businesses in town centres without proper consideration of the wider impacts on their vitality and viability.
- 4.11 The intention in the draft PPS is that the proposed impact test will provide a clearer, more robust and holistic policy mechanism for assessing the impact of development proposals, and allowing local planning authorities to better respond to the economic challenges. It is considered that the proposed changes would maintain the focus on city 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 approach is supported and it will allow for the creation of a more sustainable network of centres in the city, with particular emphasis being directed towards the success of the City Centre.
- 4.12 **Managing the evening and night-time economy in town centres**
Guidance from the Draft PPS (Policy EC8) requires local authorities to prepare policies to help manage the evening and night-time economy in appropriate centres. These policies should encourage a diverse range of complementary uses appealing to a range of age and social groups, the policies should recognise any potential impact on the character, amenity and function of the centre.
- 4.13 The Council recognises the need to effectively manage the evening and night-time economy encouraging a wide range of uses and ensuring future vitality and viability of local businesses. The City Council has met this requirement through the Sunderland City Centre Evening Economy Supplementary Planning Document (adopted January 2008) which supports the economic sustainability and diversity of the city centre whilst mitigating and potential or perceived impacts.

³ Barker Review of Land Use Planning 2006

4.14 Town Centre Health Checks

Policy EC11 requires local authorities to measure the vitality and viability and monitor the health of their town centres and how this is changing over time in order to inform judgements about the impact of policies and development proposals. Key indicators to assist in undertaking a Town Centre Health Checks are provided in Annex A of the Draft PPS; these include existing land uses and their distribution, vacancy rates, the potential for growth, pedestrian flows, accessibility, crime levels, and the state of the town centre environmental quality.

4.15 The Council supports this approach to monitoring the health of town centres as it provides the ability to examine the diversity of the town centres and ensure future economic growth and sustainability. A health check of the City Centre was carried out in 2006 and another has been undertaken as part of the recent Retail Needs Assessment being prepared by Roger Tym and Partners.

4.16 Securing a high quality and sustainable environment

The Draft PPS encourages local authorities to seek to ensure that economic development, regardless of location, is of a high quality and inclusive design which improves the character and quality of an area and the way it functions.

4.17 The Council supports the aim of the guidance through seeking to encourage a high quality of design able to improve that character of an area whilst also aiming to ensure new development addresses the challenges posed by climate change.

4.18 Development Control – a positive approach

The draft PPS seeks for local authorities to adopt a positive and constructive approach towards proposals for economic development, operating within the context of the plan-led system. Key guidance encourages local authorities to consider proposals for economic development (including town centre uses) favourably unless there is a good reason to believe that the social, economic and/ or environmental costs of development are likely to outweigh the benefits; and to adopt an evidence based approach in determining applications.

4.19 The Council supports the retention of a positive and constructive Development Control approach in supporting the delivery of proposals for economic development.

4.20 The consultation requests responses to 11 questions and these are outlined in the attached annex.

5.0 NEXT STEPS

- 5.1 This report along with the responses to the questions raised will be forwarded to CLG as constituting the formal response of the City Council.
- 5.2 CLG will take into account the responses to this consultation in implementing the revision of PPS4 and these will inform any final policy revisions later in 2009.
- 5.3 The final PPS is expected towards the end of 2009. Its requirements will be appropriately incorporated in the emerging LDF Core Strategy and associated Development Plan Documents.

6.0 RECOMMENDATIONS

- 6.1 Committee is recommended to:
 - i) Agree the consultation response as detailed within this report;
 - ii) Forward a copy of this report to the CLG as constituting the formal response of the City Council.

7.0 LIST OF APPENDICES

ANNEX 1 - RESPONSES TO PPS4 CONSULTATION QUESTIONS

8.0 BACKGROUND PAPERS

Consultation paper on a new Planning Policy Statement 4: Planning for Prosperous Economies (May 2009)

Planning and Highways Committee 23 September 2008: Response to consultation Draft PPS6

Planning and Highways Committee 29 January 2008: Response to consultation Draft PPS4

PPG4: Industrial, commercial development and small firms

PPS6: Planning for Town Centres (March 2005)

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ANNEX 1 – RESPONSES TO PPS4 CONSULTATION QUESTIONS

- 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:

The Council supports the consolidation and streamlining of national planning policy on economic development into a single policy statement. This will provide a clear and coherent approach to policy and will allow a more focussed approach to economic regeneration to be gained through the policies of the forthcoming LDF. A major benefit is that in drawing together various policy strands in a single statement, the PPS will provide clear guidance to developers and other key players and stakeholders involved in the delivery of economic regeneration.

- 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

The draft statement appears to cover all of the major policy areas considered by existing guidance.

- 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 ✓

No major changes to policy are evident although it is understood that retail need is now intended to be established at the development plan level.

- 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 ✓

The structure of the draft statement – clearly split into plan making, monitoring, and decision making – allows the document to be easy to navigate and reference. No improvements are suggested.

- 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

With the removal of the needs test, the need to assess impact becomes more important to the informed consideration of proposals. The

proposed impact test contains many of the elements of the test already contained in the current PPS6. The main change would seem to be a greater emphasis on social inclusion objectives alongside greater consideration of climate change implications arising from development.

The main change from the consultation draft is that the reference to developments having the ability to “clawback” trade has been removed. This approach has previously been used by applicants to justify retail proposals in the City; that is the proposed development would retain expenditure that would otherwise be lost to other areas outside the City.

It is important to stress to applicants the need for supporting evidence to be clear so that it aids the decision making process. The separate good practice document which is under preparation considers need, impact and the sequential approach in much greater detail and its publication will be welcomed.

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

It is understood that the Government intends that climate change policy (PPS1) and renewable energy (PPS22) guidance is to be combined this would assist in supporting strategically important sectors as identified in the Draft PPS.

7. Is the approach to the determination of planning applications set out in policy EC21 proportionate?

Yes No

The approach provides a strong direction to local planning authorities. It also presents a clear signal to applicants as to what is required to support a planning application, clearly signalling the need for conformity with the sequential approach and the need to provide clear evidence on potential impacts arising from development. This information is critical to the decision making process.

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

Achieving targets is largely outside Local Authorities' control due to market forces but locally it is possible to identify capacity for certain areas. It is therefore the capacity for employment land growth that should be identified – not a target.

Employment land targets for each district set out by regional spatial strategies should be imposed as currently it is very difficult for local authorities to be accurate on the amount of employment land allocated when preparing core

strategies and other associated documents.

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

Policy EC 12.3.3 does not protect the small or rural shops but encourages a flexible approach to economic development where there is no likelihood of demonstrable harm and this may be difficult to assess in the long term. Policy EC13 enables councils to take into account the importance of shops and services when assessing applications which would result in their loss and where appropriate protect existing facilities. But it does not effectively address matters which undermine attempts to protect facilities such as:

- Permitted change from A4 (public houses) to A1, A2 or A3 under the Use Classes Order;
- In cases where the building is demolished (and the use is extinguished).

The policy should perhaps be amended to require applications for other uses to be accompanied by a clear statement outlining why the existing use is no longer economically viable and the attempts to secure retailing within these premises.

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?

The approach proposed gives more discretion to providing the ability to consider local circumstances however a disadvantage may be an inconsistent approach to farm diversification adopted by neighbouring authorities leading to a degree of uncertainty with applicants/agents especially as land ownership may bridge local authority boundaries.

Policy EC9.2 supports farm diversification and does state “subject to recognising the need to protect the countryside” however, the countryside often includes many different land-use allocations in a Development Plan and this statement may not provide sufficient protection where necessary and specifically at existing and future areas of Green Belt. The draft PPS makes it clear that the guidance applies to development in “open countryside away from existing settlements” which clarifies how the guidance should be applied in the context of the settlement form of the city.

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.

It is unlikely that the proposals outlined in the Draft PPS will have any differential impact on people, because of their gender, race or disability. Encouraging sustainable economic growth and making provision for small / medium enterprise and new business start-ups is key to boosting the local economy and is expected to improve equalities overall.