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Communities and Local Government Committee - Fourth Report Operation of the National Planning Policy Framework

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5 Town centres

82. Planning policy has an important role to play in making sure town centres meet the needs of local people. The NPPF sets out measures aimed at "ensuring the vitality of town centres".^[207] These include two key tests aimed at protecting town centres from the threat of out-of-town development: a sequential test, and an impact assessment test. Under the sequential test, local authorities should require applications for main town centre uses to be located first in town centres, then on the edge of centres, and, only if suitable sites are not available in these locations, out of centre.^[208] Under the impact assessment test, local authorities should require an impact assessment if a proposed development is over a locally-set floor space threshold.^[209] The NPPF is clear that if an application for out-of-town development fails to satisfy either of these tests, it should be refused.^[210] In this chapter, we will look at how these test are operating, before looking at wider issues relating to town centre planning policy.

Town centre protection

83. In spite of the inclusion of the sequential and impact assessment tests, we heard several times that the NPPF was giving insufficient protection to town centres. A number of references were made to research carried out by the Association of Convenience Stores into retail planning decisions under the NPPF. One of the headline findings of this research was that, of a sample of 50 major retail planning decisions taken after March 2012,^[211] 76% of gross retail floor space given permission was located outside of town centres.^[212] The Town and Country Planning Association told us that the findings of this research appeared "to show a very significant failure of the NPPF to direct growth towards town centres".^[213]

84. The Government dismissed the ACS's findings as "unrepresentative".^[214] Mr Lewis told us that the ACS had taken "a particularly small sample" and that he was not sure that its findings were "entirely reflective of what is going on right across town centres". He was, however, unable to offer his own breakdown of figures as the Government did not collate this information from local authorities.^[215] We are, therefore, in the curious position of the Government not accepting the most widely-cited figures on the operation of the sequential test, but at the same time being unable to point to any data of its own to suggest that they are incorrect. It is important that we know whether the sequential test is working so we can assess whether any changes need to be made. **We recommend that the Government take steps to gather data about the operation of the sequential test and the extent to which planning policies, both local and national, are giving sufficient protection to town centres. We invite the Government to set out the data it has gathered in its response to our report.**

'DISAGGREGATION'

85. A specific concern about the sequential test as set out in the NPPF was that it had removed the previous policy on "disaggregation". Planning Policy Statement 4, which was superseded by the NPPF, stated that local authorities should ensure that developers had demonstrated flexibility over "the scope for disaggregating specific parts of a retail or leisure development, including those which are part of a group of retail or leisure units, onto separate, sequentially preferable, sites".^[216] There is no such provision in the NPPF. Ian Anderson, representing the British Council of Shopping Centres, drew our attention to this omission.^[217] We heard that, without this provision, developers could argue that their proposed development was too big for any available town centre site and thereby get around the sequential test.^[218] Leeds City Council said that, as a result, it had become "become far too easy to pass the sequential test, particularly for larger schemes".^[219] Greg Clark said that the other NPPF provisions on town centres gave "plenty of grounds for an authority to refuse a planning application for an out-of-town development if it thinks it would have an adverse effect on the town centre".^[220] We do not agree: our evidence was clear that the removal of disaggregation had created a 'loophole' in the sequential test, which was having a detrimental effect on councils' efforts to protect their town centres. It appears this is an area where clarity has given way to brevity. **We recommend that the Government restore to the NPPF the policy on disaggregation, so that local authorities are required to ask developers for evidence of flexibility as to whether a proposed retail development can be broken down into specific parts on separate sites.**

NEED AND IMPACT

86. We also received some evidence about perceived inadequacies of the impact assessment test. Birmingham City Council told us that under this test alone, retailers could "argue that their format is unique [and] therefore does not have an impact on other centres". It called for a reinstatement of a "needs test".^[221] Under Planning Policy Statement 6 (PPS 6), the need for a relevant development on an edge-of-town or out-of-town site had to be assessed if the application was not in accordance with the local plan.^[222] When in 2009 PPS 6 was superseded by PPS 4, the needs test was not included. We considered whether there was a case for reintroducing the needs test, but found persuasive the view expressed by the economist Dame Kate Barker, who told us that when she had looked at the needs test in her 2006 review of land use planning she had considered it to be "fundamentally anti-competitive".^[223] We also agree with those who emphasised the importance of assessing need at the plan-making stage;^[224] it is when making plans, rather than when considering applications, that need should be assessed. **We do not propose the inclusion in the NPPF of a needs test for development control purposes. Nevertheless, it is important that local authorities thoroughly assess and set out the need for retail development as part of the local planning process.**

The future of town centres

87. Beyond the tests designed to bolster 'town centre first', there were wider concerns about whether the NPPF was taking the right approach to retail planning. Our evidence showed how shopping habits were changing. There has been a significant growth in online retailing, which is expected to continue into the 2020s.^[225] We were also told about a "gravitational pull" of shoppers towards a smaller number of major retail centres, whilst local high streets became increasingly dependent on a "convenience-driven offer", focused on not only retail but a range of local services.^[226] It was not clear to us whether planning policy—either nationally through the NPPF or locally in local plans—was geared up to address these changing trends. We were told, for instance, that the NPPF failed to take account of the growth of multi-channel shopping,^[227] where shoppers used a variety of channels, including online stores and mobile phone applications, as well as traditional shops, to research and purchase goods.

88. In Wales, steps are being taken to bring planning policy in line with new retail habits. In April 2014, the Welsh Government published research it had commissioned into town centres and retail dynamics. This research aimed "to consider the appropriateness of current national planning policy in achieving the Welsh Government's aspirations for town centres".^[228] Following this, the Minister for Natural Resources in Wales, Carl Sergeant AM, announced that he had instructed officials to refresh planning policies on retail and town centres "to ensure they are up-to-date and take into account the needs and requirements of 21st century town and retailing centres which are changing their character as shopping trends evolve".^[229] The Welsh Government's proactive approach is to be commended. English planning policy should similarly be updated to reflect changing retail patterns. **We recommend that the Government commission research into changing retail dynamics as they relate to planning policy. It should aim to commission this research by the end of the parliament, and to publish it by the end of 2015. We further recommend that the next Government, by the end of 2015, launch a consultation on how the NPPF should be amended to bring it up to date with modern retail habits.**

89. Local authorities too need to face up to changes. Ian Anderson told us that councils often found it difficult "to accept that their town centres need to go to something else and that they are no longer places you would necessarily buy comparison goods: jeans, clothing and footwear".^[230] One consequence of this was that they were preserving primary retail areas that were too large and needed to shrink.^[231] Stephen Wright, from the John Lewis Partnership, a large retailer, acknowledged this issue and said that it emphasised "the benefits of a plan-led system and a council taking a strategic overview approach to what is right in the specific parts of its catchment".^[232] **It is important that councils, in their local plans, recognise the changing nature of retail in England. In particular, they should take care not to preserve primary retail areas that are too large for modern needs.**

90. One thing hampering local authorities may be the NPPF's statement that local plans should meet needs for retail, leisure, office and other main town centre uses "in full and [...] not compromised by limited site availability".^[233] Some evidence pointed to unintended consequences. The British Council of Shopping Centres stated that it would lead to sites being "brought forward in out-of-centre locations to meet all the identified capacity over the development plan period, even though the majority of this forecast capacity is occurring towards the end of the development plan period"^[234]. The John Lewis Partnership argued that it was not feasible to expect councils to "predict changing retail needs over a 15 year horizon".^[235] We agree. The world of retail is changing fast, and councils risk making themselves hostages to fortune if they allocate sites for the full local plan period. Moreover, there is a risk they will be forced to allocate out-of-town sites which give rise to development that in hindsight proves not to have been needed, and in the process diverts more business from ailing town centres. **We recommend that the Government remove from the NPPF the statement that needs for retail, leisure, office and other main town centre uses should be met in full in the local plan. It would be more sensible to say that councils should allocate sites to meet needs over the first five years, with regular reviews to keep the supply of sites up-to-date thereafter, taking into account the expectation of considerable changes in retail habits. Such an approach would help councils to keep their planning policies up to date with the rapidly changing dynamics of the retail sector and town centre environments.**

Permitted development rights

91. The Government's policy on permitted development rights may also be inadvertently undermining councils' ability to plan successfully for the future of their town centres. Since 6 April 2014, planning permission is no longer required for change of use from a small shop (class A1) or a financial and professional services building (class A2) to a dwelling house (class C3).^[236] The then Minister for Planning, Nick Boles MP, stated that he wanted "under-used shops to be brought back into productive use to help breathe new life into areas that are declining due to changing shopping habits".^[237] Others questioned whether the Government's approach was appropriate. Civic Voice said that "without these changes being appropriately planned, we may well see areas of our towns changing without the local community being able to input into the direction of that change".^[238] The John Lewis Partnership similarly considered that permitted development undermined councils' ability to plan strategically for their high streets. It warned that the "piecemeal" introduction of residential uses into town centres would "further dilute the appeal and attraction of those centres to local residents seeking shops and services".^[239]

92. The Government's decision to allow change of use from classes A1 and A2 to C3 was based on sound intentions. In many town centres the retail area is too large, and it may be appropriate to reduce its size by converting shops and banks into homes, especially where housing need is high. We consider, however, that such changes should be driven by the local planning process, so that local authorities can designate appropriate 'zones' for retail and housing uses. Enabling change of use without planning permission risks undermining the local plan and could lead to the 'pepper potting' of shops and housing, making the town centre an unattractive place to visit or, indeed, live. This in turn could deter larger retailers from investing in town centres, leading them instead to locate their developments out-of-town. **We recommend that the Government revoke the permitted development rights allowing change from classes A1 and A2 to C3.**

207 NPPF, paras 23-27 [Back](#)

208 NPPF, para 24 [Back](#)

209 NPPF, para 26 [Back](#)

210 NPPF, para 27 [Back](#)

211 Association of Convenience Stores, Retail Planning Decisions under the NPPF, November 2013, Appendix A [Back](#)

212 Association of Convenience Stores, Retail Planning Decisions under the NPPF, November 2013, p 3 [Back](#)

213 Town and Country Planning Association (NPP 164), para 4.1 [Back](#)

214 "High Streets 'are being failed by planning law'", The Independent, 8 December 2013 [Back](#)

- 215 Qq819-20 [Back](#)
- 216 DCLG, Planning Policy Statement 4: Planning for Sustainable Economic Growth, 2009, page 21 [Back](#)
- 217 Q384 [Back](#)
- 218 Q395 [James Lowman] [Back](#)
- 219 Leeds City Council (NPP 149), para 3.3 [Back](#)
- 220 Q831 [Back](#)
- 221 Birmingham City Council (NPP 190), para 4 [Back](#)
- 222 DCLG, Planning Policy Statement 6: Planning for Town Centres, 2005, para 3.9 [Back](#)
- 223 Q160 [Back](#)
- 224 Q417 [James Lowman and Stephen Wright] [Back](#)
- 225 British Council of Shopping Centres (NPP 228), para 3.1.12 [Back](#)
- 226 NPP 171 [John Lewis Partnership] [Back](#)
- 227 NPP 215 [Royal Town Planning Institute] [Back](#)
- 228 Welsh Government, Town Centres and Retail Dynamics: Towards a Revised Planning Policy for Wales, April 2014 [Back](#)
- 229 Welsh Government, Written Statement - Planning for Town Centres, 14 October 2014 [Back](#)
- 230 Q391 [Back](#)
- 231 *As above* [Back](#)
- 232 Q392 [Back](#)
- 233 NPPF, para 23 [Back](#)
- 234 British Council of Shopping Centres (NPP 228), para 3.2.4 [Back](#)
- 235 John Lewis Partnership (NPP 171). [Back](#)
- 236 Town and Country Planning (General Permitted Development) (Amendment and Consequential Provisions) (England) Order 2014 (SI 2014/564) [Back](#)
- 237 HC Deb, 6 March 2014, col 49WS [Back](#)
- 238 Civic Voice (NPP 196), para 36. Civic Voice was particularly concerned about previously-introduced permitted development rights allowing change of use from B1(a) (offices) to C3 (dwelling houses). [Back](#)
- 239 John Lewis Partnership (NPP 171) [Back](#)

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