



House of Commons

ODPM: Housing, Planning,
Local Government and the
Regions Committee

Draft Planning Policy Statement 6: Planning for Town Centres

Twelfth Report of Session 2003–04

*Report, together with formal minutes, oral and
written evidence*

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The ODPM: Housing, Planning, Local Government and the Regions Committee

The ODPM: Housing, Planning, Local Government and the Regions Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Office of the Deputy Prime Minister and its associated bodies.

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Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at www.parliament.uk/parliamentary_committees/odpm.cfm. A list of Reports of the Committee in the present Parliament is at the back of this volume.

Committee staff

The current staff of the Committee are Kate Emms (Clerk), Libby Preston (Second Clerk), Ben Kochan (Committee Specialist), Haidee Brockway (Committee Specialist), Ian Hook (Committee Assistant), Ian Blair (Chief Office Clerk) and Emma Carey (Secretary).

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1 Introduction

Draft Planning Policy Statement 6

1. The consultation on draft Planning Policy Statement 6: Planning for Town Centres (PPS6) was published in December 2003.¹ The consultation period ended on 15 March 2004 and the ODPM is currently reviewing the representations received. It has indicated that the final version of PPS6 will be published in the autumn of 2004.

2. The consultation document states that:

“These policies [in draft PPS6] are firmly based on the principles of sustainable development and the need to sustain and enhance the role of town centres for the benefit of all.”²

The document also indicates that many of the policies in the draft PPS6 are based on policies in the existing PPG6, updated as appropriate.

“The key messages of the new draft PPS6 are:

A re-emphasis of the ‘town centres first’ objective;

The need for a plan-led approach at both regional and local levels;

The need for local planning authorities to plan for growth and growing town centres;

The need to tackle social exclusion by ensuring access for all to a wide range of everyday goods and services; and

The need to promote more sustainable patterns of development with less reliance on the car.”³

3. The Government proposes to issue a series of new accompanying guidance on: Assessing Need and Impact of New Retail and Leisure Development; Applying the Sequential Approach; Strategies for Smaller Centres; Managing the Evening Economy; and Planning for Tourism.

4. In view of the controversy caused by proposals for out-of-town shopping developments and the need for clarification on the direction of the Department's thinking on town centre policy, the Committee resolved to hold an evidence session with Ministers on the draft of PPS6 at a point when the consultation period on the draft PPS6 had come to an end, and the final version of PPS6 was yet to be published.

5. The evidence session was held on 20 July 2004. The witnesses from the ODPM were the Rt. Hon John Prescott MP, Deputy Prime Minister and First Secretary of State, the Rt. Hon

¹ <http://www.odpm.gov.uk>

² Consultation on Draft Planning Policy Statement 6: Planning for Town Centres, ODPM 2004, introduction, paragraph 5

³ Consultation on Draft Planning Policy Statement 6: Planning for Town Centres, ODPM 2004, introduction, paragraph 6

Keith Hill MP, Minister of State for Housing and Planning, Brian Hackland, Director of Planning and Michael Bach of the Planning Directorate.

6. The Committee is grateful for the Ministers' willingness to discuss aspects of draft Planning Policy Statement 6 at a stage when the final document and accompanying guidance have yet to be completed.

7. The Committee welcomes the Ministers' confirmation of the ODPM's commitment to the 'town centres first' policy. This has further implications for the detailed wording of policy on specific matters throughout the Statement. We were reassured that Ministers would be examining closely points such as: the application of the sequential test to proposals to extend stores in out-of-town locations, particularly where they are situated in out-of-town centres; the assessment of quantitative need for additional retail development by reference to specific classes of goods; the risk of abuse of any policy aimed at accommodating large format stores on the edges of town centres; and how the decline of some retail locations can be managed without accelerating that decline.

8. The Committee looks forward to a final version of PPS6 with the necessary vision and clarity to inspire local planning authorities proactively to achieve improvement and renewal of our town centres.

Conclusions and recommendations

1. The Committee is grateful for the Ministers' willingness to discuss aspects of draft Planning Policy Statement 6 at a stage when the final document and accompanying guidance have yet to be completed. (Paragraph 6)
2. The Committee welcomes the Ministers' confirmation of the ODPM's commitment to the 'town centres first' policy. This has further implications for the detailed wording of policy on specific matters throughout the Statement. We were reassured that Ministers would be examining closely points such as: the application of the sequential test to proposals to extend stores in out-of-town locations, particularly where they are situated in out-of-town centres; the assessment of quantitative need for additional retail development by reference to specific classes of goods; the risk of abuse of any policy aimed at accommodating large format stores on the edges of town centres; and how the decline of some retail locations can be managed without accelerating that decline. (Paragraph 7)
3. The Committee looks forward to a final version of PPS6 with the necessary vision and clarity to inspire local planning authorities proactively to achieve improvement and renewal of our town centres. (Paragraph 8)

Formal minutes

Tuesday 20 July 2004

Members present:

Andrew Bennett, in the Chair

Mr Clive Betts

Chris Mole

Mr David Clelland

Mr Bill O'Brien

Mr John Cummings

Christine Russell

The Committee deliberated.

Draft Report (Draft Planning Policy Statement 6: Planning for Town Centres), proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 8 read and agreed to.

Resolved, That the Report be the Twelfth Report of the Committee to the House.-[The Chairman].

Ordered, That the Appendices to the Minutes of Evidence taken before the Sub-committee be reported to the House.

Ordered, That the provisions of Standing Order No. 134 (Select committee (reports)) be applied to the Report.

[The Committee adjourned.]

Witnesses

Tuesday 20 July 2004

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Rt Hon John Prescott, a Member of the House, Deputy Prime Minister and First Secretary of State, Office of the Deputy Prime Minister Ev 1

Rt Hon Keith Hill, a Member of the House, Minister of State for Housing and Planning, Office of the Deputy Prime Minister Ev 1

Mr Brian Hackland, Director of Planning, and Mr Michael Bach, Planning Directorate, Office of the Deputy Prime Minister Ev 1

List of written evidence

Memorandum by the Office of the Deputy Prime Minister Ev 13

Reports from the ODPM Committee since 2002

The following reports have been produced by the Committee since 2002. The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2003–04

First Report	ODPM Annual Report and Accounts 2003	HC 102-I (<i>CM 6141</i>)
Second Report	Annual Report to the Liaison Committee	HC 221
Third Report	The Fire Service	HC 43-I (<i>CM 6154</i>)
Fourth Report	Coalfield Communities	HC 44-I (<i>CM 6265</i>)
Fifth Report	Decent Homes	HC 46-I (<i>CM 6266</i>)
Sixth Report	Social Cohesion	HC 45-I (<i>CM 6284</i>)
Seventh Report	Postal Voting	HC 400-I (<i>HC 973</i>)
Eighth Report	The Role and Effectiveness of the Housing Corporation	HC 401-I
Ninth Report	Local Government Revenue	HC 402-I
Tenth Report	Supporting Vulnerable and Older People: The Supporting People Programme	HC 504-I
Eleventh Report	The Role of Historic Buildings in Urban Regeneration	HC 47-I

Session 2002-03

First Report	Local Government Finance: Formula Grant Distribution	HC 164 (<i>CM 5753</i>)
Second Report	Annual Report to the Liaison Committee	HC 288
Third Report	Affordable Housing	HC 77 (<i>CM 3783</i>)
Fourth Report	Planning, Competitiveness and Productivity	HC 114 (<i>CM 5809</i>)
Fifth Report	Departmental Annual Report and Estimates	HC 78 (<i>CM 5841</i>)
Sixth Report	The Evening Economy and the Urban Renaissance: Interim Report [Responding to issues in the Licensing Bill]	HC 541 (<i>HC 750</i>)
Seventh Report	The Effectiveness of Government Regeneration Initiatives	HC 76-I (<i>CM 5865</i>)
Eighth Report	Planning for Sustainable Communities: Sustainable Communities in the South East	HC 77-I (<i>CM 5985</i>)
Ninth Report	Reducing Regional Disparities in Prosperity	HC 492-I (<i>CM 5958</i>)
Tenth Report	The Draft Housing Bill	HC 751-I (<i>CM 6000</i>)
Eleventh Report	Living Places: Cleaner, Safer, Greener	HC 673-I (<i>CM 5989</i>)
Twelfth Report	The Evening Economy and the Urban Renaissance	HC 396-I (<i>CM 5971</i>)

Oral evidence

Taken before the Office of the Deputy Prime Minister: Housing, Planning, Local Government and the Regions Committee

on Tuesday 20 July 2004

Members present:

Andrew Bennett, in the Chair

Mr Clive Betts
Mr David Clelland
Mr John Cummings

Chris Mole
Mr Bill O'Brien
Christine Russell

Witnesses: **Rt Hon John Prescott**, a Member of the House, Deputy Prime Minister and First Secretary of State, **Rt Hon Keith Hill**, a Member of the House, Minister of State for Housing and Planning, **Mr Brian Hackland**, Director of Planning, and **Mr Michael Bach**, Planning Directorate, Office of the Deputy Prime Minister, examined.

Q1 Chairman: Could I welcome you to the Committee, to our one-off inquiry into the planning for town centres. I notice that it is 17 months since you last came before the Select Committee—

Mr Prescott: Did you miss me?

Q2 Chairman: — although I notice that Mr Hill has been much more frequently in those months. Could I ask you to introduce your team, please.

Mr Prescott: Thank you. May I introduce Keith Hill, the Minister for Housing and Planning. He has been doing most of the planning legislation on this and is pretty well informed on it, which means he is more informed than me and I will pass over to him when there is a problem. Brian Hackland is the Director of Planning in my office and Michael Bach is in the Planning Directorate. We will try to give you as much information as we can but could I just say one or two words to begin with. As you know, we are currently revising Planning Policy Statement 6 and we aim to publish the new guidance in the autumn. Certainly we are very grateful to have your input. I only have to read your past reports—as I have been doing in preparation for this meeting—to see that many of the recommendations you made were adopted by us, and I think they have had a considerable effect on the problems that you pointed out. Your reports in 1996 and 1999 on out-of-town shopping centres and supermarkets helped to shape our thinking when we strengthened the guidance in 1999, and your views and recommendations also influenced our urban White Paper, which we published in 2000, so I do indeed welcome this inquiry. As you will be aware, but I must emphasise it, for obvious reasons I cannot comment on the individual planning cases or prejudice the outcome of the present consultation process. We are fully committed to encouraging town centre development and capturing the economic, social and environment benefits which that brings. Indeed, that is a major driver behind the urban renaissance, and a key part of our Sustainable Communities Plan and the new draft planning statement, PPS6, is at the heart of that. PPG6 was of course first introduced in 1996, at

the tail end of an unprecedented deluge of out of town development in the eighties and nineties, with the overall number of superstores increasing from 150 in 1979 to over 1,000 by the time of the 1997 election. That, again, is pointed out in your report and it caused you some concern and to begin to examine departments as to what they were doing about that. I think there has been success under PPG6, with the various changes we have made since 1996. The latest research shows that the policy has had a positive impact on the pattern of retail and leisure development. There is a bit of uninformed press speculation that sometimes throws doubt on this—and perhaps you should question some of the people that bring that—but our evidence shows us that there is widespread support, for most of the major retailers understand the need for a proper balance in the planning system and equity and fairness—although I wonder sometimes if their lawyers share the same view. We now have more new floor space in town centre shopping centres than out-of-town for the first time for decades, and we are quite proud of that. It is a large part of what PPG6 has achieved. We have seen the adaptation to in-town demand and innovative new ideas by the major retailers who in the past tended to go outside but have now taken the opportunity to move into the town centre with new formats. Our town centres are re-emerging as places where people can come together and there is a return into our cities. Finally, we want the revised planning policy statement to keep that momentum and increase the emphasis on a more pro-active, planned approach to town centre development, so the PPG6 on town centres and retail developments moves to the new PPS which is about planning for town centres. We want the planning authorities to be much more positive and creative and identify sites which need to be developed. I think your report has pointed out that PPG6 was perhaps used in a negative way to deal with out-of-town shopping but was not used positively by the local authorities. This draft statement now makes clear they have to do much more than that. In determining applications local

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authorities should recognise the consumer and other economic benefits that large-scale retail can bring, but they must take on board the social costs if development takes place out of town, weighing these against the real long-term benefits that come from investing in the centres. I am pleased to say that it is very much in line with what you have pointed out in your own reports and I am pleased to be able to say—I think you were good enough to say to one of my Ministers of State that he had made an excellent statement to you about that policy—that we are continuing with it.

Chairman: Thank you very much indeed.

Q3 Chris Mole: Good afternoon, gentlemen. Seeing as we have gone round, as a Committee, looking at urban regeneration, there are enormous success stories in some of our city centres. How much credit can be directed toward the planning system, and particularly its constraint of out-of-town retailing, in the transformation of those city centres?

Mr Prescott: I think that has been quite a critical part of it. The planning system had become somewhat ossified. As you know, we have about £350 million to improve the planning system, to get better decisions and quicker decisions, but if you look at the evidence of the use of PPG6 we have, without doubt, already had a major effect on the development of town centres. Our recent report, *A Tale of Eight Cities*, which I produced a few weeks ago, shows that more people are now coming back into the centres, more shopping and retail has certainly come into the centres and the regeneration that that has come from has been very beneficial in attracting people back to the centres. The planning framework has played an important part in that.

Q4 Mr Cummings: Could you tell the Committee, Deputy Prime Minister, whether the primary purpose of the new Planning and Compulsory Purchase Act (13 May 2004) was to make the planning system simpler and clearer?

Mr Prescott: I think it has been a common complaint—indeed, one of the reasons we went for the statement now, is that, as you will know, on PPG6, we had to give a statement called the McNulty Statement actually to clarify what was meant by these things which clever lawyers were reinterpreting in the courts and it was causing a certain amount of concern. We had to re-state it and hopefully—hopefully, I say—the statement we are now going to make will be clearer, although already in the consultation it has been pointed out to us that perhaps it is not clear as it should be. We are taking that into account and hopefully we will be able to produce the final report in the autumn.

Keith Hill: We think as well that the effects of the new legislation will be to improve planning for town centres because we do think the new act simplifies and makes the planning process more clear. For example, it introduces two tiers of planning, the regional and the local, it allows for more flexible local planning systems, particularly with its capacity to react rapidly to change, and to the opportunities for development it brings through area action plans;

it brings new tools to speed up the system in the shape of local development order; and of course on top of that is the improvement of the system and the culture change. We have the planning delivery grant sustained in the latest spending round announced by the Chancellor of the Exchequer and more help for those involved in the planning system via Planning Aid and the Planning Advisory Service.

Q5 Mr Cummings: Do you know who will monitor whether you are achieving your aims and objectives in making the system simpler and clearer?

Keith Hill: That will be the inspectorate and our monitoring of the work of the planning inspectorate.

Mr Prescott: I would not be surprised if a great deal of discussion and interpretation takes place in the courts. Planning decisions are open to challenge, with regard to their meaning in respect of policy, and in these circumstances there is a risk that in the future, we may have to make another clarificatory Statement, as we did with McNulty. But hopefully this PPS will be clearer about our aims and objectives. It is not just about the centre of the city, it is not just about shopping; it is about all those things that take a very sensitive application of our policies and guidance. Of course, there will be one other body that will make a judgment on this as well. All these matters are reviewed by the Audit Commission and they will be giving us some judgment on that. I am not always sure that the Audit Commission necessarily gets all its language right, but, as someone who is not an expert in language, I really cannot comment on that!

Q6 Mr Cummings: Another aim of the Department, Deputy Prime Minister, is to revise the planning guidance documents and the intention is to make them shorter and clearer. Could you tell the Committee how PPS1 helps in this direction.

Mr Prescott: PPS1 makes it very clear what our general principles should be (PPS6 is not just about shopping, it is about the whole definition of need, and about the social exclusion to be taken into account). All those that are set out as objectives in the bill that Keith was dealing with. It is important to say this is not just guidance. Basically, when we come to our statement we want it to give guidance to the local authorities. When they are making the decisions, we want them to have a proactive local plan and they should be making sites available, should consider the request by the retail and shopping sector for development and land based upon need and other criteria that are spelt out. Hopefully, this is a better way of doing it. It was too restrictive before and hopefully the language is good enough for them to understand.

Keith Hill: Of course, these are hard to draft. If there are stylistic issues and lack of clarity, that is precisely the point of consultation and we will take those things on board. I would add that there is a balance that always needs to be struck in these planning policy statements between clear understanding by the public but also the fact that these are going to be

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subject to interpretation by the courts as well, so the language has to be shaped in such a fashion as to be applicable and useable in terms of litigation.

Mr Prescott: We will get from them, of course, a real statement of national policy. There has been some dispute as to what is national policy about in or out of town centres. That has often been challenged under PPG6. We think now it is useful to set out what we think should be happening in towns, so that the local authorities should take that policy advice and objectives, develop them in their plans, and then they can be used as material considerations when dealing with different applications. If you feel that the local authorities have tended just to deal with this one application, whether it is in or out of town, there are a lot more things that one needs to take into account and those people making the application understand that to be the policy. For example, there are different definitions of centres, out of town, in town, just outside, on the edge—all those that we are trying to define for them to take into account and that their development plans should acknowledge.

Q7 Chairman: We gave you one example, paragraph 1.29, which we did not find all that easy to understand.

Mr Prescott: Keith, you wrote that one, did you not?

Keith Hill: I wrote that one, yes! I think I understand where you are coming from on that, but paragraph 1.29 is about describing the nature of spatial planning as opposed to land-use planning. It emphasises that spatial planning is not just about land use but also about wider considerations which may prevail in a particular locality. For example, a locality may be an actual or proposed congestion-charging zone, it may have a business improvement district. These wider considerations as well as simply land use have to be taken into account as you develop your plan in this new context of spatial planning. A clear distinction is between that approach and the more precise aspect of land-use planning itself, where you are spelling out in some detail the issues which are going to be material considerations when decisions are made on applications.

Mr Prescott: The point on material considerations is quite important, because often you have to write this and remind yourselves that lawyers are crawling all over it to interpret it perhaps in a more favourable way for their clients. That has been one of our difficulties. In a way, the language which has to be tight enough to deal with what we are intending may sometimes cause the kind of confusion that comes from “land-use planning” and “spatial planning” to which this section refers.

Q8 Chairman: But you really think the wording that is down here is tight and precise.

Mr Prescott: I just heard a debate about wording! I think you have a fair point but we have to find the balance. We have had some criticism of that and we are desperately trying to . . . Are we ringing up the Better English Department?

Keith Hill: Under your guidance, Deputy Prime Minister, we are doing that. We are perfectly open to improving the drafting of these sections.

Q9 Chairman: You did very firmly set out that you wanted them to be shorter and clearer. It is perhaps mean of us to pick out this one paragraph but there are quite a few others which are quite difficult to understand and might be a nice crock of gold for some lawyers to pore over.

Keith Hill: We appreciate that. Could I say that I hope you also accept that what we have tried to do in these policy statements is to focus on policy and not have that mixture of policy and guidance which I think characterised some of the earlier PPGs.

Q10 Chairman: Does that mean they are going to be shorter?

Keith Hill: The intention—and the reality, I think you will find—is that they are shorter. We will be following up, of course, with guidance.

Mr Prescott: The good practice guidance, which we have not yet produced. We wanted to finish PPS6 in the autumn and then we will get documents to show what is good practice and perhaps that will be more easily understood than having to stay rather tight on policy statements for the reason I gave.

Q11 Mr O’Brien: Could I follow up on the point you were making about balanced judgement and the way forward for consumer choice. Is PPS6 encouraging competitiveness and certainty for developers or does it have an opposite effect? A view has been expressed that the planning policies do restrict some retail development, which is against the best interests of consumer choice. Do you have a view on that?

Mr Prescott: I think it was pointed out in one of your reports about the difficulties of the Competition Commission Authority, who came in and said that this was restricting competitiveness. I think you were astounded that the Commission did not consult the Department about their evidence for this. The evidence we have reviewed on this has shown that it was not necessarily restrictive—though it may have had some effect on productivity and one of the reasons why we want to see the developments in town and we face the argument about innovative ways of building two or three floors on the same building, which is a little controversial but it does improve productivity. Our concern is to ensure that we get the proper balance of productivity, what that means in price et cetera in the towns itself and that is the way we are trying to deal with it.

Q12 Mr Cummings: Do I infer from that comment that we do not need much new land for retailing, that the requirements could be met by recycling obsolete retail space and rebuilding on the land that has been in use for retail, which would presumably be more efficient?

Mr Prescott: You had a great deal of discussion about the sequential testing which we adopted as well in our policy. That was very much about making sure, first of all, whether there was land available in the town centre. That was one of the

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things to be taken into account, to give preference to the brownfield areas. When we came in 50% of building was on brownfield sites. We set ourselves a target for 60% in 10 years and we have actually achieved 66%. So the sequential testing is helping us very much in that. In the town development it all depends on the different towns. As long as it does not affect the in-town development, we are quite prepared to consider in the planning that you may just go outside on the edge of town. That is why we have a number of definitions about the town, all within, if you like, the urban boundary.

Q13 Mr Cummings: Are swathes of new land for retailing really necessary? Could not most requirements be met by recycling obsolete retail space and rebuilding to use land more efficiently?

Mr Prescott: Yes, we would want to do that. I think we did it in your constituency. I think there was an old mining area which has now been converted into retail space. If I remember rightly at that time there were towns not far away who were saying, "You should not do it," and that it should all be concentrated in their particular area. We thought there was a judgment to be made on balance and I think in this case it was an all brownfield site, I think from mining, and we agreed some development. But it is horses for courses. We have to make the judgments for it. We do want to see communities, which are existing communities in your case, have their development, providing jobs, and develop their centre, and at the end of the day the policy in this statement will allow for that, but we want to see land used much more efficiently. That is why even in housing alone we have made the point that we increase the density; that we have taken special action in the South-East; and using land more efficiently and more effectively and preferably brownfield is right at the heart of our town centre policy. There is another problem that you have reminded me of, and that is the business about compensation—should you actually begin to give compensation for compulsory purchase, for example, if you do not have big enough sites. We are saying to local authorities and areas like that, look at what your town centre policy is going to be and make sure you can offer reasonable land to allow some of these developments to come in, the new innovative ones, that are big compared to what those in the city centre might be, if not as big as they are out of town centres. We have to find a balance.

Q14 Chairman: There is a slight mischievous view about that you have had your arm twisted to put productivity into PPS6 by the Treasury. Do you resist that suggestion?

Mr Prescott: I do not take to my left arm being twisted at all. Look, I think this is silly nonsense that came from the press. You will recall that it was Charles Clover who wrote this article in *The Telegraph* which the rest of the papers slavishly followed the next day as being truthful. His allegation was that the Treasury were putting pressure on me and we had made changes because we were looking at this statement and different

things. I ended up thinking it might be a question to be answered, and I think this answer was given by Lord Bassam on 30 March, that when the allegation made by Mr Clover in March about this pressure was on, saying I was going to have to re-adjust it, he had before me the Treasury statement in the 10 December pre-budget report which makes it absolutely clear they were not doing that. It says this statement we are now making will "plan for growth in town centres; expand the boundaries of town centres where this will facilitate further development; promote consumer choice; and promote social inclusion". It just was not true. I did write a letter in *The Guardian*, I think it was on the 24, just pointing out that indeed there was more growth of retail for the first time in town centres than outside. Journalists have to make their controversial stories. There is no truth in it whatsoever.

Q15 Chris Mole: You have said your objective is to try to make some of the guidance shorter. The new streamlined PPS6 is 103 paragraphs and its predecessor PPG6 was 103 paragraphs. In this particular instance getting it shorter was not necessarily achieved.

Keith Hill: I think you will find they are shorter paragraphs, though.

Mr Prescott: And they include a lot more things.

Q16 Chris Mole: Now I know why you are in the Government. In the light of the many good examples you gave to me in answer to my earlier question of why PPG6 had been such a success, why change it now?

Keith Hill: There is no doubt that it has been successful. If you look back, the turning point was the year 2000, when, for the first time since the 1980s, the square footage of new retail development in town centre shopping centres exceeded the square footage of out-of-town retail development in shopping centres and retail warehouse parks combined, and we have seen further progress since then. But remember that PPG6 is eight years old, that over the years we have had to supplement PPG6 with a succession of ministerial statements and it really does make sense to revisit it in the light of the lapse of time and also to embrace the policy statements in those ministerial statements in order to make the policy clearer and more effective.

Q17 Chris Mole: So it is a tidying up exercise rather than any change of position.

Mr Prescott: No.

Q18 Chris Mole: You do not want the pendulum to swing back.

Mr Prescott:—No, it is much more than that. Let me just say, you may have the same number of paragraphs, I do not know, but I will accept it is 103, but the purpose of the later one which we are dealing with now is that PPG6 was more limited in a way. It was rather used as a development control tool rather than looking to use it as a positive planning tool. It had a perceived inconsistency between the objective of promoting efficiency in retail, and the other

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objectives. So where before we had the deficiencies, we have here a planning tool to outline the various areas local authorities should take into account when they are preparing their local plan, so that they should be proactive. Our policy is designed to develop the town centre and that has led to a massive increase in retail development back into the city centres. We want them to do that within the total context of all other plans they have to take into account. This statement is really bringing them altogether, in a greater way than the original one, which was rather just used as a kind of development control tool: "You cannot go here, you cannot go there." They would say, "Where can you go?" and sometimes local authorities did not offer any kind of land alternatives for them, just saying, "I'm sorry, you can't go there."

Q19 Christine Russell: One of the changes you are proposing to the PPG6—and I am not sure if the paragraphs are changing, but it is in paragraph 2.9 where you talk about existing shopping centres that are in decline—is that for the first time you are encouraging local planning authorities to manage the decline. The concern that has been expressed to me, particularly by convenience stores—the little stores that stay open all hours and the sub post offices—is that once you label a shopping centre as "in decline" it is going to be incredibly difficult to hang on to the retail uses that will serve the local community who do not have cars, who like the post offices, the corner shops and the pharmacies. Is that not a worry? Because I do not think that was in the original PPG6.

Mr Prescott: I do not think it is our intention to identify shopping centres that are in decline; I think the market does that pretty effectively. We are trying to say that you should, in looking at the whole retail development—and the development of your town centre is much more than just retail—is begin to have a policy for it and begin to define the areas you want to develop as an important centre. There are many estates, for example, which have mini shopping facilities which have real difficulties operating. One of the things that did come from making the change is that the big operators began to say, "If we are going to be in the city centre, should we not begin to be more innovative?" If you look at a number of them, they went back in: the *Metro* stores, the smaller stores, and began to strengthen that centre itself. But because in some cases there has been a proliferation of centres it is up to the local authority to say where it wants to concentrate its efforts. If you look in Chester, I do not think you will find any space in Chester for retail development, but if you are on your estate in Blakeham then I am sure that is the area we should be concerned about.

Q20 Christine Russell: That is the point I am trying to explore.

Mr Prescott: But those 24-hour shops have opened in areas like Blakeham, they have brought those kinds of facilities in, and that is because they now

look for their market not outside, for everybody to get in their motor cars to go there, but begin to look to meet the demand in the town itself.

Q21 Christine Russell: Yes. I am just wondering how prescriptive you are trying to be with the local authorities, because, you are absolutely right, the more successful the local authorities have been at revitalising their town and city centres, the more in some ways it has actually diluted the vitality and viability of some of those suburban estate shopping centres. Are you really clearly saying to local authorities, "You have to have a plan not just for your town or city centre but for all those suburban estate mini shopping centres"?

Mr Prescott: Within the area for which they have the responsibility, absolutely. I know the area in a way that you have been talking about, because we have built these big estates outside the town centres which have often depended upon transportation and we have isolated people in them. They are not suburbia; they are actually within those urban areas. We are saying to authorities, "You must look at this and make those decisions." The idea of having the smaller kind of shopping centre is something which the local authorities have to take into account. It is little advantage if you take it away from the estate and it completely falls down and then you have to go into Chester, say, the main town, to shop; it is academic as to whether they get the bus to go there or somewhere that is on the edge of town, outside of Chester. So we are not being totally prescriptive but we are saying to local authorities, "You do have to have an overall approach to town centre development. It is not just dealing with the big guys when they come in, whether they are in or outside, it is a lot more than that." We do want to strengthen the structure of shops but I can imagine that in some cases there are so many of them that it might lead to the kind of problem you are talking about. But local authorities are constantly having to deal with those problems. We want them to take a long-term view, to do it much more practically and perhaps develop their housing estates and all these things together with that kind of retail shopping development.

Q22 Mr Betts: I do not know whether I am the only one who is still a little confused by what you are trying to achieve. I can understand the intention to split strategy from good practice in terms of the new approach. I can see the need to clarify in the light of various challenges in the court, et cetera, what has been the previous wording; I can see the need to develop strategies for town centres—although, as I understood it, that was part of the initial PPG6 anyway, that there had to be a proactive approach to town centres, and, indeed, it seems to have been generally successful. But is there an intention that under the new PPS (as opposed to the PPG approach) some developments which would have been allowed under the old guidance will not be allowed under the new approach and that some developments that were refused under the old approach would not be refused under the new

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approach. Is there an intention in there to bring about changes in planning decisions for certain types of developments?

Mr Prescott: I would not have thought so—most definitely not because the whole purpose is to develop the town centres. From the evidence we have had, certainly in our five or six years, we have rigidly kept to that policy and I think that has led to the advantages that have come from it. But at the end of the day this is a statement of policy and then we will have the guides of good practice that may mean different things in different areas but it is up to the local authority to make that decision. We are not being prescriptive about it; we are trying to get a proper balance, and we want them to look at more than just retail, we want to look at the effective regional planning that goes on as well. In Sheffield I do not know whether Meadowhall should have properly fitted into that prospect: it jams up the motorways, it has a new transport system which—

Q23 Mr Betts: It is all those people coming from Hull.

Mr Prescott: Yes, they certainly are. There is no doubt that people come to it but I think there are traders in Sheffield who were not very happy that it was outside. In fact, it had the obvious effect in Sheffield. Now I think they are beginning to recover and the town centre is beginning to develop. We are not suggesting for a moment that you close down Meadowhall, or anything like that. That is an experience, it is there, but we want a better balance, so that it does not affect the town centres. This policy is not saying: “What is the shop? Where can you shop in Sheffield as well as at Meadowhall?” It is about all those things that make town centres much more attractive to the development—the work, the jobs, the retail—and all those other places that are involved in what defines a centre. I think this is trying to put the connection between all of them and a framework in which to plan.

Q24 Mr Betts: This policy seems to have been successful and the only people who seem to have been grumbling behind the scenes are the big supermarkets who cannot go and stick their developments on green field sites any more. I am worried that we are going to have a relaxation, something you can—

Mr Prescott: The McNulty Statement we refer to is a good example. When I first came into office in 1997, we were constantly being challenged in the courts, we were forever having to give further clarifications, lawyers were challenging a different word to get through a different policy. They were paid very highly to achieve that. We found in the end that PPG6 was all right but you had to take into account all the other statements. The McNulty Statement was about trying to pull them together, and then we said, “Look, why don’t we make it very clear what the policy is and how in good practice you implement it?” These will be used in matters of interpretation but hopefully it will make it much clearer. I have always been clear about the Government’s intention. I am not sure the lawyers

have been convinced about it; as long as they can show a word is different here or there and justify why you can do something. That is the kind of world we live in but I hope after this we will have less of it and that people will accept this is a convincing policy, a successful policy, and the Government intends to keep it.

Q25 Mr O’Brien: Is it the objective of planning authorities to attract retail and leisure services back into town centres or is it their responsibility to assess what those services will provide and, if it is considered that it does not meet their requirements, reject them?

Mr Prescott: For the local authority?

Q26 Mr O’Brien: For the local authority, the planning, is there any guidance on that?

Mr Prescott: Yes. Indeed this policy statement puts it all together as sustainable communities, so we need to bring all these things together, which I think is beginning to happen, but they need to have advice on good practice, on how you might achieve these things when you are planning your housing, developing your roads, dealing with retail development. All these need to be taken into account much more effectively by the local authorities. As you well know, some local authorities, when it is big shopping, just want to know what they are going to get out of it: “Is there a playing field? Is there a Section 106 agreement?” and a lot of planning gets caught up with that. I think that is unfortunate because then they only use it as part of development, not as planning the town centres. We are hoping this will encourage local authorities now, who can see we are serious about it, that they will get retail in there—you know, once you have said, “We don’t want to do out of town,” you get an awful lot of inquiries in town. We want that in-town, if you like, to be revitalising their thinking in using the land and developing their own town centres.

Q27 Mr Betts: PPS6, as well as covering retail arrangements—which is the thing most people get most concerned about and perhaps spend most attention on—covers a whole range of other commercial and community facilities as well: leisure, entertainment, offices, arts, culture, a whole range of different things. Is it helpful to have a PPS which covers such a wide range of different sorts of facility? Is there not a slightly different approach that has to be taken to different elements within that?

Mr Prescott: I have this approach whereby they put all those things together. That is the very essence of what this new statement is about. Actually, I think that is the kind of approach that has been adopted in Sheffield and very successfully now. It has made that city centre very attractive; for example, if you develop the architecture, if you put in water features and peace gardens, such centres do attract a lot more people to want to come in. Shopping as an experience is definitely more than acquiring goods. The experience of the town centre is something that can be given to people that they do not get in a mall. In America, some of the malls are declining, largely

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because people want to go back into the city centres. It is a different choice; there is a better possibility of getting more from it. I hope these other measures, such as leisure and culture activities—whether it is billiards or whatever—will mean they come into the city centre, and they should plan that as part of their town centre development, not stand on the side, saying, “Oh, Meadowhall has closed my shops down here.” You have not done that, you have got on with planning it, and that good practice is what we want to see in more and more towns.

Keith Hill: PPS6 is about planning for town centres and sustainability. We mean what we say when we use the language of sustainability. Sustainability is about mixed-use communities. We are looking to local planning authorities to adopt a pro-active approach towards encouraging the development in town centres, not just new retail outlets, but, as you say, new leisure facilities, new cultural facilities, new facilities for tourism and offices, and housing as well. We are looking to the encouragement of mixed-use, multi-storey development in city centres.

Q28 Mr Betts: If I may draw out one issue, which might be slightly different from that, the siting of some of these regional casinos which has been exciting some interest recently. There are several possible proposals for Sheffield. The planners, without giving too much away, are probably instinctively inclined to a non city centre location, in terms of a regeneration activity in another part of the city—actually my constituency. Would you see the possibility that certain types of development, like very large casinos, might actually not be suitable for town and city centres and might happily fit somewhere else?

Keith Hill: Perhaps I could step in here. In yet another of my frequent appearances before Parliamentary committees, only last week I was before the Joint Committee doing pre-scrutiny work on the Gambling Bill. The burden of the evidence that I gave on that occasion was that, yes, we were looking towards the location of so-called regional casinos—if the licence were granted, and that is entirely outwith the responsibility of the planning authorities and, indeed, this department—in city centres because we see it is about the revitalisation of city centres. Indeed, one of the justifications for the proposal for regional gambling casinos has been precisely their contribution towards regeneration.

Mr Prescott: This is obviously a sensitive area but it is a very important part of regeneration and a lot of the towns, even football clubs, are talking about the possibilities of change we are now considering in the gambling legislation. But there is one that is much more removed from that, and that is whether you might use the planning framework on gambling to look at how you might develop some seaside towns or something like that. There would be very few but on a larger scale. We have been looking at how the planning framework can give some protection in that but at the same time get the maximum regeneration of a larger scale than you would normally get from just a casino. There is one in Hull,

as we have said—there is one in all our towns, in a way. But those reforms do mean that planning will still be at the centre of that kind of decision making.

Q29 Mr Betts: Presumably you are not going to apply a sequential test in quite the same way towards a regional casino.

Mr Prescott: I think you would have to define what you mean by that, because that would be a rather exceptional one, if you wanted to do that. Indeed, the importance of getting the long-term investment that might be associated with something like that might require you to have a special regime, but it would be something we would have to give some thought to as this process of gambling and casinos is developed.

Q30 Mr Betts: If I may come to the “need” test, which is a pretty general one at present. Is it possible that, while there is not a general need for more retailing, there is a need for specific retailing, DIY goods, et cetera, where retailing could convince the planning system that actually that was quite appropriate in a location, even though perhaps overall retailing was in balance?

Keith Hill: You are absolutely right, Mr Betts, as usual, if I might say so. Actually, in developing our thinking on this document, we think it right to be rather more specific than the usual “convenience” and “comparison” goods’ analysis which planning authorities are encouraged to make and that they should deal down to specific kinds of goods.

Mr Prescott: The interesting point about that, of course, is we are faced constantly with it, without naming cases. For example, a local authority might say in its sequential testing that that kind of big operation cannot come in unless you split it into different parts. That creates certain problems, when you might get one company that believes it is made up of three or four others. I do not want to name companies but they see three or four elements which are essential to it. Sometimes people say, “That part could be done somewhere else, not on the same site.” These arguments continually go on and we hope our good practice document will help them to make a better decision about it. One of the justifications for out-of-town shopping is that that style of shopping can only be done this particular way and cannot be done in centres and must be done outside. As soon as we have been saying, “I am sorry, we do not necessarily accept that view,” they have thought of more innovative ways of meeting that demand, going into the city centre and making changes.

Q31 Chairman: Do you know when the practice document is going to be published?

Mr Prescott: The amendments to PPS6 will be published in the autumn, and, as soon as we have done that, we will try to produce a document on good practice in implementation.

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Q32 Mr Betts: While there has not been this need test as such for developments in town centres, I understand they have had to show that the development was of an appropriate scale. Is that not a needs test by another name?

Mr Prescott: No. If I could give you my interpretation—and it may be right or wrong, I will take a chance. Needs are quite clear: does the authority need that kind of big scale? But there are some cases, if I may take York as an example, where in fact you have to take wider things into consideration: the aesthetic context in which you are placing that development. That is something which is incorporated in the name of need, not just about whether you desperately can get access to the goods they sell.

Q33 Mr Betts: Was that the right answer?

Mr Prescott: They dare not comment on that!

Keith Hill: Yes.

Mr Prescott: Yes, Minister!

Q34 Christine Russell: I am wondering if there is a contradiction or a bit of inconsistency between paragraphs 3.17 and 3.18, that address this issue of the very large format stores, the Ikeas and the B&Qs of this world, and the sequential test. On the one hand, all our leading food retailers have returned to the high street by cutting down on the range of products they sell, have they not? Why should we be separating what they have done from these big stores, like the two I have mentioned? We seem to be saying that a single retailer should not be expected to split their store into separate sites. Can you explain these two paragraphs? One appears to give the green light to the big boys to stay out of town, and says, “No, it is not possible for you to come in town,” but the other one seems to contradict it a little bit.

Keith Hill: Can we be entirely clear that the policy remains “town centre first”. Part and parcel of what we are about here is actually to encourage, however, local authorities to be more proactive about the boundaries of town centres as well. We are really quite keen that local planning authorities should consider the existing primary shopping area, and extending the boundaries of the existing primary shopping areas. In that context, we recognise that there are pressures on business about the format of business. I think that is what you are alluding to. Quite clearly, we very much welcome the flexibility which some of the supermarkets have demonstrated in the shape of the Tesco *Metro* stores and Sainsbury’s *Local* stores which have been very successful. But there are issues around productivity and efficiency which undoubtedly do encourage larger formats for businesses, and in those contexts we believe local planning authorities ought also to consider allowing sites for large format stores in or on the edge of town centres, but only—again I say to you—where a need for larger development has been identified.

Mr Prescott: This is the kind of substance they were using, paragraphs 3.17 and 3.18, to say, “Ah, this means then you can stay out because you cannot come into the centre.” The evidence has been that

basically they have been able to adjust and change. One of the most significant facts, they have been building upwards instead of sideways. But with some big ones, where you are into 2,000 cars—and we know those—it is very difficult just to transfer them into the town. But there are functions of changes, and we are saying that we have to make a balanced judgment, and we would encourage people basically to try to adjust into the town. We also feel that the local authorities in their planning policy may have to undertake some compulsory purchase, so they can make land available. We feel at the moment local authorities sometimes do not have the alternative strategy. They say, “There is just that bit of land at the end of the street, that is all we have” but if they had a proactive policy that said, “We know it needs to be a big size” there are some benefits of the bigger store being in the town centre: it does increase in productivity, it does make the products that are produced and the advantages of those large companies available in town. We do want to encourage them—and we will in the good practice document—to be more responsive to the needs of the bigger companies, who have a certain style, to come into the centre, not to use that as a reason why they have to stay out-of-town.

Q35 Christine Russell: Do you not think we are giving the green light, that we are encouraging some of these companies to develop the kind of business plan where they need this absolutely excessive amount of floor space?

Mr Prescott: No. You can say no if you are not going to do that. If we had accepted that argument, you would not have had the balance changed, quite frankly. All of them argued that. I think it is important as well, if you are going to have this policy, to make sure you keep it—because, as one big developer did say to me once, without naming them: “If we are going to invest in changes to meet the demands in the cities, do not then tell us some big operator can choose to stay outside.” We have tried to be very firm about that—to allow some flexibility, but this is about building in town centres. It has only been successful because the big guys, if you like, have had to recognise that is our policy.

Keith Hill: Remember, as the document makes clear, with the exception of extensions, as ever the sequential test applies, and retailers are always expected to look at town centre sites first. What is more, it will be incumbent upon the local planning authorities always to encourage in applicants a flexible approach, an approach which seeks to adjust the scale of their proposal, its format, the car parking requirements, to fit in with the plan and to minimise the footprint of the development.

Mr Prescott: Of course there is always an appeal against this.

Q36 Chairman: Are you pleading for more appeals?

Mr Prescott: No. We do receive appeals and there are times when we have looked carefully if there has been a complaint against something which an inspector might recommend. Sometimes they have interpreted the sequential test, saying, “We think we

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are going to refuse you because you have not done enough about this,” and we have to then make a judgment, frankly, and be answerable to it. If necessary, it is called into the courts to say, “No, we think you have got that wrong.” But I do think we need to be more definitive about the advice that we give to inspectors—and this is the whole purpose of this—so they can be confident about what we want from the policy and how it is to be properly interpreted.

Q37 Mr Clelland: How practical is it in most cases to expand town centre boundaries to make way for these large format stores? What are the implications for displacing secondary retailing, residential and business premises and what will that mean for the mixed-use policy which the Minister referred to before?

Mr Prescott: My very competent colleague will answer that!

Keith Hill: Right. Let us begin from where we are at. Our feeling is, as the Deputy Prime Minister said at an earlier stage in the discussion, that all too often local planning authorities have interpreted existing guidance in a somewhat restrictive and negative fashion, in the sense of resisting change, resisting out-of-centre development, using it solely as a tool, as a development control tool. Now we want to see a much more proactive policy toward developing town centres, to expanding town centres where possible. We believe that is likely to be a successful policy.

Q38 Mr Clelland: How many jobs do you have where it is possible. Town centres tend to be fairly restricted. Without demolishing something else to make way for these big stores, how are you going to expand the town centre?

Keith Hill: It is horses for courses, really, is it not, Mr Clelland? I am sure we can all think of town centres which may be constrained in that way—maybe all towns fall into that category, I do not know—but I can also think of other English cities, Manchester and Liverpool, for example, come to mind—where it does seem to be that there are clear opportunities for expanding the footprint of town centre development. That is the kind of proactive approach that we want to encourage. Having said that, we do absolutely take the point you make about potential impact on smaller centres. The whole thrust of the document is around regeneration of smaller centres as well. If you like, that represents the next stage in our approach to town centres. We believe that the policy has been very successful in our biggest towns. We want now to encourage regeneration in suburban and estate shopping areas, and also we are looking very much towards encouraging development and regeneration in market towns.

Mr Prescott: It is a very important point—I mean, some cases are too limited and all the compulsory powers and working on brownfield is not going to solve that. We are trying to do two things. We have asked the local authorities if they will now look at obviously using land they have but also at accommodating larger stores on what we might call

the edge of town centres. This is happening to a certain extent, but, within the boundaries of the local authorities, obviously, for them to have authority, also at the same time to build greater density buildings inside cities. Outside that, these are the things that each authority needs to have: planning for growth as a proper development and offering sites. In offering jobs in the old English estates, they would build factories and say, “Right, there is the factory, you can use that and rent it out.” They do not think the same way in regard to retail development. I do think they see it now in the regeneration which is taking place in a lot of cities, where you do put the retail and housing and all sorts of things together, but you will have to recognise that in some cases they will go out of centre. I can think of another case without naming them where that was exactly the case, where they wanted to go out of an area into a kind of old cattle market place and move from one to another. It was just outside the town. If it is not damaging the town, judgments must be made about whether that is a good thing to do. I think in that case it probably is.

Q39 Christine Russell: Could I go back to paragraph—

Mr Prescott: Not 1.29 again!

Q40 Christine Russell: You seem to have forgotten about bulky goods. I thought the definition of what could go out of town was if they sold bulky goods. The new draft seems to have deleted the words “bulky goods”. Yes, nods from the ends of the table. Would it not make it so much clearer and the rules better understood if you did actually define what can be sold out-of-town and what cannot. If you said, “It is the sofas, the wardrobes, and the really heavy stuff.”

Mr Prescott: You have to make some of those judgments sometimes, but “bulky goods” was really about format: this is what you would sell outside. It was either B&Q or something. But all these have gone back into city centres as well. So we are not just concerned about retail here. It is the development of all these other things, which have been mentioned by Keith: the leisure, the housing, putting all those things together. These now get developed not as a single shop; they are usually all part of the creation of the development itself. But that is what we need to take. For people going shopping now it is much more of an experience, of going into something that is not just a shop. It may be covered, it may be all sorts of things, you will see an awful lot of elderly people who just go to spend the day in a centre, just being around as part of the experience of being in the town. It is the overall comprehensive development that we think is necessary. If you look at the out-of-town shopping centres, they are now talking about having small shops in them because people are fed up of going to the same stores. There is not enough variety. Now they want to talk about bringing the street back into the big centre. I do not think you can be prescriptive about it, but any balanced development has to have retail, has to be developed with all the other facilities in the town centre. That

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is why we are dropping the reference to bulky goods and letting there be a plan for growth, however that is to be and whatever balance or whatever proportions are determined by the local authority and advised by ourselves in the in-town shopping.

Q41 Christine Russell: Is that not going to create a kind of unlevel playing field? Is it not true that where an existing retailer is asking for an extension, the goods that would be sold would still be a material factor, but where it is a completely new application the nature of the goods on sale will not count?

Mr Prescott: Some of them are selling everything, are they not? Bulky goods, little goods—whatever. Without naming them, people like to go to them because they are selling everything.

Q42 Christine Russell: If an electrical retailer wanted an extension to sell CDs, for instance, they probably would not get permission.

Mr Prescott: I really could not say whether they would or they would not. It would depend on the circumstances of the application. If you are already an out-of-town place, there is no reason why you could not ask if you want to build up a floor. Some of them are doing that. In fact, we are now trying to define the advice that should be given in that way for extending. We might be very interested in the town centre, but I imagine if you want to build another one on top of it out in a green field site outside the city centre, no doubt there would be an argument as to what the effect would be on the city centre. That is why we have sequential testing. Also, defined in sequential testing, if there is no land available to do it in the town then there is a legitimate claim for a person to wanting to develop to make the appeal.

Keith Hill: Can we be clear that with all applications the usual tests apply. Sequential, need, impact, accessibility, car use.

Q43 Christine Russell: Whether it is a new one or an extension.

Keith Hill: With the exception of the requirement of a sequential test in the case of an extension. The thinking is—a perfectly commonsense point—that if you have an established location, if you have an established clientele who know where you are, it seems reasonable to permit an extension on that site, providing that all other tests are met. But we are adding—and I think this is your point—a further test with regard to extensions, which is that, if new goods and services are planned, then particular weight should be given to the effect on the town centre.

Mr Prescott: This is why we have sequential testing and all the criteria Keith has mentioned for any extensions, wherever they may be. Under this new one, you could not. Under the old one, you could.

Q44 Christine Russell: What if an existing retailer wants to extend the nature and the range of goods that they sell? Where are they going to stand with the extension?

Keith Hill: We are talking about an out of town site where a retailer wishes to make an extension and they want to sell new goods and provide new services. The policy states that the planning authority should take the impact on town centre activities into account in making the judgment on the application, as well as the other tests I have mentioned, namely need, impact, accessibility and car use.

Q45 Christine Russell: The planning authority will not have to take into account the effect on the viability of that retailer if they get a refusal?

Keith Hill: I think I am right in saying that planning is not about competition policy.

Q46 Mr Betts: As I understand it, there is not going to be a sequential test normally applied to extensions for stores with the exception of where they are looking to change the sorts of goods that they are selling. I think that is what you just said.

Keith Hill: No. Where you have an application for an extension on an existing, out of town store the sequential test will not be required.

Mr Prescott: That is why they have extended Meadowhall.

Q47 Mr Betts: That is the problem because so far the planning guidance has allowed Sheffield City Council to adopt a very firm policy—I think there has only been one exception to it—of not extending Meadowhall at all and resisting regular requests from the centre as a whole and individual stores to extend. Keith, as planning minister, has written to me to say that where an out of town centre wants to extend the centre there would not be a change to policy and the sequential test will apply. My worry is that that can be circumvented by a centre deciding not to extend because it gets caught by a sequential test but a number of individual stores in a centre deciding they want to put applications in to extend because that will get caught by the sequential test.

Mr Prescott: Why?

Q48 Mr Betts: Because they have been told so because they are out of town stores. When is a store a store and when is it part of a centre?

Mr Prescott: You mean the planning application is for the individual store?

Q49 Mr Betts: Yes.

Mr Prescott: I thought I had seen expansions at Meadowhall.

Q50 Mr Betts: There has been one by Marks and Spencer and that was a deal to extend a city centre store as well.

Mr Prescott: Perhaps we can send you a note on that because it is quite an important point to address and we will answer it with the best advice we have. We will have our best brains work on it.

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Q51 Mr Betts: Sheffield City Council Planning Department is the only department that covers both a major city centre and a major out of town shopping centre.

Mr Prescott: We will have a look at it.

Q52 Chris Mole: You told us that the real reason you are shifting from PPG6 to PPS6 is to put this more proactive approach into promoting town centres. Do you think there has been a problem with implementing PPG6 in some local authorities that perhaps have not had the resources, the expertise or maybe the will in order to promote town centres as strongly as you would like?

Keith Hill: Our perception is that in some cases the previous policy has been interpreted in too restrictive a sense and in some cases it may well be that it has been a matter of capacity on the part of the local planning authority. We recognise that a lot of local planning authorities are and have been historically very stretched in terms of resources, which is exactly why—

Mr Prescott: And very stretched in their minds.

Keith Hill: And very stretched in their minds by many of the challenges and the burden of applications which grows almost exponentially, as you know. The growth in the business which planning authorities have to transact is quite staggering. We have, as you know, for two years now had the planning delivery grant at £350 million in place as an incentive for improved performance on the part of local authorities, which has been extremely successful. It is not a ring fenced grant but we are very pleased by the fact that, almost without exception, the grant has been channelled back into improving the planning resource in localities. We are very pleased that the Chancellor in his statement on the spending round extended that system into the next spending round as well. We think that, by that means, there will be improved resource for local planning authorities.

Q53 Chris Mole: That is in terms of the planning process but just now you were talking about some quite exciting and perhaps challenging prospects of local authorities and others taking a role in land assembly and the like. Do you intend to bring any resources to bear to enable more proactive town centre regeneration in land assembly by local authorities, investment by regional development agencies or conservation and renewal of historic centres by people like English Heritage? Do you think of the prudential borrowing power being one route by which local authorities could borrow for land assembly because land is not cheap, by and large? Is there an issue around the DTI's expectations that RDAs will not hold vast banks of land?

Mr Prescott: Yes, we very much want to be proactive. I think it is quite exciting and, before I get myself into further trouble, perhaps I should explain what I meant by "stretch their minds". There is a tendency in a number of local authorities just to make a decision about one planning application. They do not have an overall plan. In some cases, they

have not had a local plan for God knows how many years. What we are trying to say to them is, "Why not look at the context here?" In the main, if some body comes in, many of them say, "What can we get out of Section 106? Is it a playground, a swimming pool, a few bob in the kitty?" or whatever. They rather limit themselves to that. More and more authorities are using their planning powers with mixed use development, with regeneration, to bring the whole package together. That is quite exciting and an awful lot of authorities have done that. There is a tendency sometimes in local authorities, when you meet a local authority planning chairman—and I have met a few of them—he will say, "You cannot interfere with me." They say that to councils as well who come to them and say, "Can we have a plan?" They say, "You cannot interfere with me. I am independent." The trouble is they never do more than just look at what the legal implication of that is. This is a major part for regeneration and development. It is a planning tool. It is possible to bring all that together. I think that is very exciting for local authorities. Some of them already do it and we want to assist them in the process. Not enough of them do it and hopefully this will make some changes. The £350 million we have brought in is quite a lot of money to make changes on that planning side. We have made decisions more quickly in that sense but we want to raise the game and look at it in a much more practical way than they have done so far. As for the extra money that might come for the borrowing powers of local authorities, we have already said we are changing some of the rules affecting local authorities, certainly the good ones, so that they can have that. The Barker Report into housing made clear that there is a lot of land value and perhaps we do not get all the benefits from that perhaps that we should get and these are generated by this kind of planning tool, planning for growth. More of those resources will come from that. I am an advocate of it. The Treasury have not arrived at it yet. We are working on them.

Q54 Chris Mole: If a local authority is not being as proactive as you would like in taking the challenge seriously, are you going to have any sanctions to ensure they do use this statement?

Keith Hill: No. I do not think our approach has been one of sanctions but it has been an approach of intervention. Over the last couple of years, we have looked very carefully as a department and through the Government Offices as well, quite obviously, at planning authorities which seem to be under-delivering, particularly on the housing growth agenda. We have engaged with those authorities and I am very pleased to say we have seen a marked improvement in the performance of many of those local planning authorities. The task is unremitting and we do maintain our scrutiny of performance and we will continue to intervene, but it works.

Q55 Christine Russell: Somewhere in the draft you extol local planning authorities to pay attention to the evening economy and the impact that has on town and city centres. I believe that you are planning

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to bring out guidance for local authorities. Is that ODPM or is it DCMS? It is supposed to be coming. When is it coming?

Mr Prescott: It should be coming from us and I think it is. We have planning guidance and I should say also we have a Planning Advisory Service. We have worked actively with the planning bodies. The ones that are not so active we help and advise.

Keith Hill: Inspiration has winged its way to me and the answer is we expect to publish this early next year.

Q56 Mr O'Brien: In the recent answers to questions, reference was made to out of town shopping, and with them being on the edge of the town or the city it does not strike as an out of town development. There is a fear that the PPS is opening the door to out of town shopping which obviously is not what you and we want. Can you give us an assurance that the question of out of town shopping will not be extended?

Mr Prescott: Yes. That is our policy. That is why the statement is "town centre development". That is precisely what the guidance is about and what the policy is going to be about. When it gets a little confusing is when you say on the boundaries or just out. All the tests have to be applied, even if you just want to go within the boundary but on the edge of it. We have these various definitions of centres. It is the effect on the centre and the need that has to be taken into account in all the assessments of any of these applications. We are not saying "out of town". There is a case where it needs to be where there is adequate transport, where it is near to the centre for development. It will be the centre spreading, if you like, and that is clearly the case in some places. As has been mentioned before, there is not much room to grow in that sense, but there is room for the town centre to grow in one sense. We are giving advice as to what we mean by that definition and "edge of town". We will even use the definition of what the walking distance is so we do lay that down. It is not like saying it is 10 miles out but we still say it is in the urban area.

Q57 Chairman: You do not think something like Merry Hill can claim it is now the centre of Dudley?

Mr Prescott: That was a disaster. If ever planning guidance was needed, Merry Hill would be a classic example.

Q58 Mr O'Brien: Could I go back to something your esteemed Planning Minister said to my colleague? He said that regeneration of small towns is "our next step to regeneration". My fear is that in some of the metropolitan authorities the emphasis is on the larger towns and cities and the smaller, urban areas are not included in the regeneration programme. There are few resources going in there and I am looking for assurances that those town centres will

be considered and they will survive. This question of regeneration is obviously very important to those communities.

Mr Prescott: They are the first priority. Some of the bigger areas in suburbia might want shopping centres in them.

Keith Hill: We would expect that concern about the regeneration by smaller centres to be reflected in the regional, spatial strategy. That, after all, will be put together by the regional planning body, the regional assembly or the elected regional assembly, and that would be the opportunity to express exactly that sort of concern. It is worth bearing in mind that already in some of the larger metropolitan areas to which you referred there is an active policy which is designed to revitalise the suburban shopping areas. Birmingham, for example, has a policy called Flourishing Neighbourhoods and that is exactly designed to encourage the regrowth and renaissance of smaller urban but not city centre shopping areas.

Q59 Mr O'Brien: At the present time, it is the regional development agencies and the regional assemblies who are making the decisions and obviously they are channelling resources into the larger areas. What you are saying is encouraging but what people are looking for in the smaller towns is the facilities, where the butcher, the baker, the candlestick maker and the shoe repairer can find a small stall or shop to develop a business. What we are seeing at the present time is catering for the supermarkets. What we are looking for is small, covered markets that used to apply in urban areas and in the market towns. It would be beneficial if we could go back to some of that. You say the chairman of planning says, "No, this is my decision." Perhaps guidance or directions could be given to them to say this is a part of the strategy and it must apply.

Mr Prescott: That is exactly what we are doing. You can see by the cross questioning we need some very clear guidance. These are the proper questions to ask and indeed we are publishing one of the guidances on the smaller centres, so there will be a statement made about that. We would not want to prevent that. Most out of town shopping is big because it needs the car parks; it wants the space; it is in real big numbers and that, if anything, does threaten the very small shops that are very near to it. We would like to see that but usually it is the market that decides that. If a planning committee then starts saying, "I am sorry. Your little shop in that small village is going to end up in a town centre" then clearly that would be against it and that is why we are going to issue these guidance documents after the publication of PPS6 in the autumn.

Q60 Mr O'Brien: When do you expect to make the statement?

Mr Prescott: In the autumn. We want to produce the statement itself and then follow up with these practices, but that is definitely one of them.

Chairman: On that note, can I thank you and your team very much indeed? We are very grateful.

Memorandum by the Office of the Deputy Prime Minister

When I appeared before the Committee on 20 July, I undertook to write to you to clarify the issue of extensions to out-of-town shopping centres. The particular point raised was whether the wording of draft PPS6 would allow individual retailers to circumvent the general policy on extensions to such centres, by applying for extensions on a store-by-store basis, and thereby not being subject to the sequential test.

It might be helpful to start with a summary of the policy as proposed in the draft PPS6. Paragraph 2.12 deals specifically with regional and sub-regional shopping centres. It states that:

“The Government does not consider it likely that there will be a need for any new out-of-centre regional or sub-regional shopping centres . . . or the expansion of existing ones. If such a need is identified, however, it should be addressed through the Regional Spatial Strategy . . . There may be a need to improve public transport to existing out-of-centre facilities, but this will not justify extending them.”

Thus any potential extensions to these centres should, under the proposed policy, be identified in principle in the Regional Spatial Strategy (RSS), as part of the wider retail strategy for the region, with particular reference to need. The relevant local planning authority (LPA) should then reflect this strategic priority within local planning policy, as an allocation if appropriate. Paragraphs 2.23–2.24 state that LPAs should take account of the following when making decisions to allocate sites, as well as all other relevant matters:

- assessing the need for development;
- securing the appropriate scale of development;
- applying the sequential approach to site selection;
- assessing the impact of development on existing centres; and
- ensuring the locations are accessible.

Paragraph 3.31 of draft PPS6 deals with planning applications for extensions to existing development, stating that:

“Applications for the extension of existing developments may raise specific issues. The impact on the town centre of the proposed extension should be given particular weight if new and additional classes of goods or services for sale are proposed. In addition, where establishing need is concerned, local planning authorities should establish that the evidence presented on the need for further floorspace relates specifically to the class of goods proposed to be sold. The sequential approach is not a relevant consideration in relation to extensions, but local planning authorities should still have regard to the accessibility of the proposed development.”

This proposed text makes it clear that planning applications for extensions to existing development are not subject to the sequential test, although further consideration should be given to the impact and accessibility tests.

As currently drafted, these references in the emerging PPS6 fail to address clearly the issue raised by the Committee of a potential creeping extension of an out-of-town shopping centre through the piecemeal extension of individual stores. This issue has been raised in consultation responses, and is something that we will be looking at as PPS6 is finalised.

I would also like to raise another matter. Having read the transcript from the session, I find that I may have inadvertently confused the Committee in my answer the Question 32. The needs test and the scale test are of course separate, and address different issues.

The needs test looks at both quantitative and qualitative considerations, giving greater weight to the former. Paragraph 2.28 of draft PPS6 advises that, in assessing quantitative need, local planning authorities should assess the likely future demand for additional retail and leisure floorspace, based on existing and forecast population levels and expenditure in relation to the classes of goods to be sold, within the broad categories of “convenience” and “comparison” goods.

In contrast, paragraph 2.33 of draft PPS6 addresses the issue of scale, and states that uses which attract a lot of people should be located within centres that reflect the scale and catchment of the development proposed. The scale of new facilities should be directly related to:

- the role and function of the centre within the wider hierarchy and the catchment served;
- patterns of existing development within the centre; and
- the scale of existing buildings.

Design, aesthetic and amenity issues are further, separate considerations.

I would like to thank the Committee for bringing these matters to my attention, and for their interest in the emerging PPS6.

John Prescott