



Ms Natalie Turner
Barker Review Team
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Dear Ms Turner

Barker Review of Land Use Planning

Who is Accessible Retail

I write on behalf of Accessible Retail (AR), the body which represents the property interests of the retail warehouse /retail park sector of the retail industry. AR has over 900 members comprising owners/investors, developers, retailers and advisers, a membership which includes most of the major companies active in the sector. The majority of our member's interests are located in out-of-centre locations, but also, they have significant town centre interests. The sector comprises property worth £15-20 billion pounds of which over half is owned by pension funds.

General Comments

The terms of reference of the Review invite comment on both process/procedures and policy issues and we wish to take up both opportunities. We note that the Review intends to build on the reforms already put in place, but we hope that this does not preclude a root and branch assessment of the serious problems still inherent in the system or radical change to improve efficiency if found to be appropriate. We make this point at the outset because since 1967, there have been some 14 major reviews of the planning system half at the instigation of Government (see Appendix A). Throughout this 40 year period, the same basic concerns about both the operation of planning procedures and the direction of policy have been raised time and again, by business and other users of the system, yet they are still largely unresolved.

Indeed, the most recent attempt to deal with the system's failings (the Planning and Compulsory Purchase Act 2004) is already beginning to attract comment that the changes it introduced will not deliver the improvements promised. In a recent report (2006), the Planning Officers Society, commenting on the new Local Development Framework system for local plans said 'scarce resources are being consumed in producing over-elaborate and exhaustive local development documents' and regarding planning applications, 'many of the documents now required are of extreme length yet have limited impact on the decision-making process'.

In formulating your own views, therefore, we believe you should do so with a sense of perspective which recognises that there has been a long period of relative failure in resolving the systemic problems outlined above and that, despite relatively frequent attempts at reform, they continue to frustrate. If to tackle these two issues requires radical reform, we believe it should not be avoided.

Policy Concerns - Economic Growth, Employment and Productivity Gains

Our main concern is with the relative failure of planning policy to take proper account of the need to secure economic growth, employment and productivity gains and to make this one of its core aims. The key weakness is that while the assessment and consideration of environmental impacts has become embedded in the system (rightly so), there is no specific and robust statutory requirement on national policy advisors or on local planning authorities (LPAs), to assess and take reasonably into account, the impact of their decisions on economic growth, improved competitiveness, employment and regeneration in determining policy and applications.

This is surprising given that securing economic well-being forms an equal part of the Government's definition of sustainability and one of the Chancellor's earlier Pre-Budget Statements identified that 'the modernisation of Britain depends on the modernisation of the economy and every economically-related policy must be bent towards achieving that goal' and that 'for the first time, the planning system will be required to promote competition'.

Similarly, the contribution business can make to the achieving of other Government objectives such as regeneration and reducing social exclusion is not given sufficient recognition and weight. Appendix A shows that our industry is not alone among the business community in having these concerns about policy and it is in this respect that we would most like to see radical reform.

The result is that the existing suite of national planning policy documents fails to evaluate properly and give sufficient and appropriate weight to the economic contribution of industries. In extremis, this hinders and reduces the benefit they bring. This was recognised in the 1998 Study carried out for the then DETR (see reference 7 in Appendix A) which, in considering the impact of planning on 'agglomeration economies', commented that 'planning intervention to restrict the expansion of an area may impair the future growth of the economy'.

This weakness is compounded by the fact that, in some instances, national planning policy makers are influenced by perceptions of the causes of land-use problems for which there is little or no substantive evidence. In our sector of the retail industry, for example, the very restrictive planning policy under which we have to operate (PPS6), has been determined largely on the mainly unsupported belief that out-of-centre retailing is a prime cause of failing town centres. It is also held that such developments are environmentally unsustainable although no substantive and convincing data exists to support either assertion and, indeed, there is little data to support the view that failing town centres are a widespread phenomenon. This failure is further compounded by national policy makers have little understanding of the dynamics of the modern retailing offer or of the real causes of town centre growth and decline, with the result that the latter go unaddressed by planning policy.

The impact of this manifests itself all levels in our sector down to individual warehouses. Unbalanced constraint on growth in new outlets will weaken the major contribution we can make to job creation and GDP growth. Similarly, the equally important role the sector plays in improving competitiveness in the retail industry will be reduced. Out-of-centre retailing is more efficient than other retail formats and this is passed on to customers in the form of lower costs. Disaggregation into smaller, more costly units, with a reduced product range, located in congested town centres results in higher prices. Similarly, the absence of a clear policy supporting existing stores and parks hinders the ability of the operators to meet changing customer needs by making qualitative improvements to current buildings or through modest extensions. The alternative to on-going maintenance and improvement of the retail offer is decline and dereliction.

In support of these views, our industry accumulated considerable evidence demonstrating the economic contribution out-of-centre retailing makes to GDP growth, employment and improved competitiveness. This was submitted to policy makers as part of the PPS6 consultative process, to little effect. Doubtless, it was considered, but this should not preclude you from examining efficacy of the decision - is not the point – the Barker Review is not charged to decide if consideration is given to economic issues, but whether such matters are then reflected in planning policy and procedures. In other words, have they been given appropriate weight against other considerations. This is a matter for judgement and we invite you to treat the out-of-centre retail sector as a specific case study. Immediately below, we set out the economic case we made for our industry being allowed to grow and we urge you to assess this against the policies and arguments contained in PPS6.

The Economic Case for Allowing Growth in Out-Centre-Retailing

Economic Benefits of the Sector

GDP Growth:

1. Retail sector output (inflation adjusted) has increased by 115% over the last 20 years.¹
2. Over the last 5 years, retail expenditure has grown by 5% p.a. to reach 40% of consumer expenditure (consumer expenditure now amounts to 65% of GDP).² Retail spending has been responsible for 45% of GDP growth over the³
3. Over the last 5 years, retail expenditure has grown by 5% p.a. to reach 40% of consumer expenditure (consumer expenditure now amounts to 65% of GDP).⁴
4. Retail spending has been responsible for 45% of GDP growth over the last five years.⁵
5. Retail expenditure is forecast to grow by 50% 2003-2016 (in the same period, consumer expenditure is forecast to grow by 35%).⁶

¹ Experian, Responding to the PPS6 Consultation, 2004, pp 11

² Experian, Responding to the PPS6 Consultation, 2004, pp 8

³ Experian, Responding to the PPS6 Consultation, 2004, pp 11

⁴ Experian, Responding to the PPS6 Consultation, 2004, pp 8

⁵ Ibid

⁶ Experian, Responding to the PPS6 Consultation, 2004, pp 16

6. Bulky goods spend represents £54 billion p.a. or over 20% of all retail spend (up from 7% in 1980).⁷
7. Expenditure on bulky goods has been responsible for about 35% of the increase in retail spending and about 16% of the increase in GDP over the last five years.⁸
8. Bulky goods expenditure is forecast to grow by 60% 2003-2016.⁹

Inflation/Competitiveness:

1. Over the last 3 years, retail goods have deflated by around 2% p.a. (consumer prices have inflated by just under 2% in the same period).¹⁰
2. Out of centre retailers have seen volume growth exceed value growth over the last 10 years suggesting that they are a key contributor to this deflationary environment.¹¹
3. Average retail floor space efficiency has improved by 1%-2% p.a. over the last 40 years.¹²
4. The period of most rapid productivity growth has been the last 20 years coinciding with the growth of retail warehousing.
5. Average out of centre sales densities are up to 25% higher than those in the high street.¹³
6. This difference is especially apparent in bulky goods e.g. furniture & floor coverings retailers trade almost twice as productively out of centre than they do in-town with DIY retailers around three times.

Employment and Productivity:

1. At present retail employs over 3 million workers (10.6% of the working population) and is growing.¹⁴
2. Retail warehousing accounts for about 10% of this total.¹⁵
3. The anticipated growth in bulky goods retailing is expected to create 145,000 new jobs (based on current average employment per square foot ratios).¹⁶
4. Many of these new jobs will be with established companies which provide training, promotion, career paths, pensions, good health and safety etc and will be accessible to excluded groups (e.g. part time available to women with children, the elderly etc).
5. Retail productivity is rising. Since 1990, retail staff productivity (calculated as retail output divided by retail employment) has increased by £6,000 to £17,500 (2000 prices).¹⁷
6. This trend is expected to continue, with productivity increasing by £6,100 to £23,600 by 2016. This is equivalent to an increase of more than a third, bigger than the expected increase in productivity across the whole economy (28%).¹⁸

⁷ Experian, Responding to the PPS6 Consultation, 2004, pp 12 & 13

⁸ Experian, Responding to the PPS6 Consultation, 2004, pp 14

⁹ Experian, Responding to the PPS6 Consultation, 2004, pp 17

¹⁰ Experian, Responding to the PPS6 Consultation, 2004, pp 19

¹¹ Experian, Responding to the PPS6 Consultation, 2004, pp 21

¹² Experian, Responding to the PPS6 Consultation, 2004, pp 23

¹³ Experian, Responding to the PPS6 Consultation, 2004, pp 24

¹⁴ Experian, Responding to the PPS6 Consultation, 2004, pp 9

¹⁵ Based on a preliminary study conducted by Accessible Retail and The Shopping Park Investors Forum

¹⁶ Based on Experian employment forecasts and estimates of current employment densities in retail warehousing

¹⁷ Experian, Responding to the PPS6 Consultation, 2004, pp 11

Investment:

1. Around £17.5 billion (IPD data) was invested in retail warehouses, at the end of 2003 (an increase of nearly £7 billion over the last five years).¹⁹
2. Funds with a high exposure to retail warehouses have outperformed funds with lower exposure, achieving annual returns over 11% over the last 10 years, compared to 10.5% for all funds.²⁰
3. This gap has widened markedly in recent years (2001 to 2003), with funds with a high exposure enjoying annual growth of 10.3%, compared 9.2% for all funds.²¹
4. In addition, further property assets owned to support retail warehouses (distribution warehouses, HQ offices etc) are held in pension fund property portfolios, as are significant shareholdings of the leading owners and occupiers.

Impact on Town Centres and Sustainability

Assuming no increases in existing space productivity, demand for bulky goods retail warehousing space is forecast to increase by 104 million square feet by 2016 (if located in out of centre formats), an increase of some 50% on the current 200 million.²² *(NB since 2004, the bulky goods part of our sector has entered a more difficult trading environment than was anticipated, but this does not invalidate the force of the argument we presented to the PPS6 consultation).* If this demand for floor space had to be accommodated within town centres, it would have to increase to 193 million square feet.²³ This is because the efficient out of centre format cannot be replicated in town centres. Allowing for a space productivity increase of 50%, the required floor space would be reduced to 50 million square feet and 93 million respectively.²⁴ This would suggest that encouragement of innovative space solutions, such as mezzanines, is key to keeping floor space needs within a manageable space-planning framework.

The perception in PPS6 that out of centre retail warehousing is a main cause of town centre decline is not supported by evidence. From 1993-2003, high streets lost only 2% of sales (53% to 51%), despite the creation of 70 million square feet of new out of centre space.²⁵ This small loss cannot be attributed to any laxity in the planning regime (as would appear to be the case in the revised PPS6), as the period coincides with the first tightening of policy in PPG6 in 1993 and the far more restrictive revision in 1996. Retail sales per square foot have grown faster in high streets over the last ten years than in out of centre locations (60 % compared with 20%).²⁶ The view of retailers is that high streets have benefited from the release of space formerly occupied by bulky goods retailers moving to retail parks, as the low densities of bulky

¹⁸ Ibid

¹⁹ Experian, Responding to the PPS6 Consultation, 2004, pp 43

²⁰ Ibid

²¹ Ibid

²² Experian, Responding to the PPS6 Consultation, 2004, pp 35

²³ Ibid

²⁴ Experian, Responding to the PPS6 Consultation, 2004, pp 36

²⁵ Experian, Responding to the PPS6 Consultation, 2004, pp 31

²⁶ Experian, Responding to the PPS6 Consultation, 2004, pp 4

goods traders have been replaced by complementary high-density retailers and other occupiers selling more suitable goods.

Regarding sustainability, the perceptions that out of centre retail warehousing is socially divisive because of its reliance on car trips and a cause of traffic congestion, are not supported by our research. 93% of adults use a car nowadays – either as a driver or as a passenger and consumers are most likely to visit retail parks or large warehouse outlets for bulky goods purchases (38%-44% as compared with 18%-27% who are most likely to visit town centres - the % varies according to the produce). Although longer, trips to retail parks are less frequent than other retail trips. Our MORI Survey indicates that trips to retail parks account for only 6% of all mileage travelled for the types of journeys covered in the research such as shopping, commuting, school runs, or leisure activities.

Retail location	%		%
Town centres	11	To/from work	35
Out of town centres	14	To/from school	5
Supermarkets	10	Leisure	18
Retail parks	6		

For the above reasons, we believe the economic benefits which would flow from the growth of the out of centre bulky goods sector can be secured without prejudice to the overall aim of PPS6 to protect town centres or to the sustainability agenda. To secure this, the policies on bulky goods retailing in PPS6 will need to be changed. At present, however, only some 3 million square feet p.a. of new space is being permitted by the planning system, a rate wholly insufficient to accommodate the forecast growth. If the revised policies in PPS6 are not changed to permit this, the economic and other benefits derived from the sector set out above will be lost.

Procedural Concerns

Regarding planning procedures, the two major endemic problems are that decisions on major applications are too slow, uncertain and inconsistent and statutory development plans too detailed, inflexible, out-of-date and lacking in strategic vision. The ‘bottom line’ for business users of the planning system of these procedural failures is the continuing imposition of higher risks and significant additional costs for business. In 1992, the CBI estimated the opportunity cost of the delay in determining applications alone to be some £0.6 billion p.a. (see reference 5 in Appendix A).

Inadequate Resourcing and Training

A major cause of delay is that LPA town planning departments have experienced severe recruitment difficulties. At the same time planning has become more complex and the public and LPAs have made ever more demands on planning staff. Applicants now need the advice of Planning Consultants, where once an Architect or Engineer may have fulfilled the role.

In order to meet the consequent client demand, planning consultants have gone to the only suitable place to recruit, LPAS, and stripped them of their more competent staff. The remaining staff are often ill equipped with insufficient skills to deal with larger schemes and resort to asking for ever more and sometimes irrelevant studies and information to give themselves more time to understand proposals. This translates into even more work for the applicant and the need for more consultants.

To address this in the long term, town planning must be promoted as a worthwhile career within schools and universities. More immediately, applicants for major schemes should be encouraged to fund external resources to support LPAs. In addition, planning committee Members should be given additional training in planning law and practice to achieve a better basic level of understanding before being allowed to decide significant applications.

Also, 80% of applications are relatively simple householder applications which do not require the attention of highly trained planning professionals. If local authority structures were changed and permitted development rights extended, it would result in existing resources being better used to make decisions on larger, more complicated proposals, all of which have a greater impact on economic growth.

Scrutiny, Statutory Consultees, Inconsistencies and Excessive Complexity

The current process contains multiple repetitions and at present, statutory consultees make judgements and comments which go well beyond their remit, often causing unnecessary contradiction (e.g. between CABE and English Heritage), confusion and delay. In addition, the present process is over-engineered, a prime example being the requirement for LPAs' Statements of Community Involvement to be vetted by the Planning Inspectorate for soundness. Regarding local plans, many are little more than a vehicle for repeating national policy guidance without any significant local input. Reconciling the benefits of consultation and participation with the need for speed and efficiency is perhaps the greatest challenge facing planning apart from ensuring economic considerations are given due prominence.

In short, simplification and transparency are required. Regarding applications, fair guidelines are needed set out in simple language to grade the importance of applications and what information should accompany each application. An attempt has been made but it is still opaque. Allied to this, the objectives of the planning system should be properly co-ordinated and reconciled to avoid conflict. Also the views of quasi - governmental organisations must be provided more promptly and co-ordinated such that there are not distinctly different views emanating from what should be the same stand point.

Development plans should be a vehicle in which a clear vision is set out supported by measurable outputs and flexible routes to implementation rather than as, at present, a 'one-route-only' detailed land-use plan which will almost certainly be inadequate due to changing circumstances within a short period of its adoption. Such a format would assist in keeping plans up-to-date through regular reviews. In addition, simpler procedures including preparation, consultation and scrutiny are needed than is currently the case. In no other aspect of the discharge of local authority responsibilities (Housing Plans, Local Transport Plans, Education Plans etc) are such long and complex plan making processes or consultation required.

In conclusion, if it would assist, we would be very pleased to elaborate on our views by bringing some of the sector's leading owners and traders to give oral evidence to your Review.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'William McKee', written in a cursive style.

William McKee (Chief Executive, Accessible Retail)

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Appendix A

Substantive Reviews of the Operation of the Planning System 1967-2006

1. 1967, 'Town and Country Planning', MHLG
2. 1977, 'The Crisis in Planning', Town and Country Planning Association
3. 1978, 'Planning Procedures', Government's response to the Eighth Report from the Expenditure Committee Session 1976-1977
4. 1986, 'Town and Country Planning', Report to the Nuffield Foundation
5. 1992, 'Shaping the Nation – Report of the Planning Task Force, Confederation of British Industry
6. 1997, 'Comprehensive Spending Review on Land-Use Planning', DETR
7. 1998, 'The Economic Consequences of Planning to the Business Sector', Berkeley Hanover Consulting and Bone Wells Associates for DETR
8. 2000, 'Reforming Local Planning', Local Government Association
9. 2001, 'The Simplification of Planning Legislation', The Society for Advanced Legal Studies – Planning and Environment Law Reform Group
10. 2001, 'Planning for Productivity – A Ten Point Action Plan', Confederation of British Industry
11. 2001, 'Green Paper on Planning Reform', DTLR
12. 2002, 'Liberating the Land'[, Institute of Economic Affairs
13. ODPM Select Committee Inquiry 2002/2003
14. 2005, 'UK Planning Reform: A Regulationist Interpretation', Alan Prior Heriot-Watt University Edinburgh