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**Report to**

Scrutiny Board 3  
Cabinet  
Council

5<sup>th</sup> March 2008  
11<sup>th</sup> March 2008  
18<sup>th</sup> March 2008

**Report of**

Director of City Development

**Title**

Consultation Paper on a new Planning Policy Statement 4: Planning for Sustainable Economic Development

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### **1 Purpose of the Report**

- 1.1 The purpose of this report is to respond to the "Consultation Paper on a new Planning Policy Statement 4: Planning for Sustainable Economic Development",. This paper was published by the Department for Communities & Local Government (DCLG) on 17<sup>th</sup> December 2007. The Council is required to submit its responses to the questions contained within the consultation by 17<sup>th</sup> March 2008.

### **2 Recommendations**

- 2.1 Scrutiny Board 3 to consider the draft responses to the consultation and forward any comments to Cabinet for its consideration.
- 2.2 Cabinet to consider the draft responses to the consultation, together with any comments received from Scrutiny Board 3 and make a recommendation to Council to enable a response to the consultation to be made.
- 2.3 The Council is asked to consider any comments received from Cabinet and agree the Council's response to the consultation.

### **3 Information/Background**

- 3.1 The aim of PPS4 is to encourage local authorities to plan effectively and pro-actively for economic growth and to achieve a proper balance between economic opportunities and environmental and social considerations. PPS4 is, in part, a response to the Barker Review of Land Use Planning (December 2006) and the Planning White Paper
- 3.2 The main purpose of PPS4 is set out in the preamble to the consultation questions (p. 24) as: 'ensuring that sustainable economic development, as a key component in sustainable development more generally is fully considered and planned for'. It also indicates that there is a need to rationalise and make more consistent the data and indicators used in drawing

up plans so that national, regional, sub-regional and local plans can be better integrated. Finally, it is suggested that planning authorities need to have a better understanding of the changing needs of business and of industrial change and of their locational implications. The planning system, it is stated, must deliver economic development in a way which is sensitive to climate change. Therefore PPS4 should be read in conjunction with PPS1: Delivering Sustainable Development and, more particularly, the annexe to PPS1 on climate change.

- 3.3 Once adopted, PPS4 will put in place a national planning policy framework for economic development at regional, sub-regional and local levels for both urban and rural areas. It will replace the existing Planning Policy Guidance Note 4, Paragraphs 53, 54 and Annex D of Planning Policy Guidance note 13 (Transport) and all of Planning Policy Guidance note 8 Telecommunications (with the exception of the annexes: expansion of Permitted Development rights and prior approval for telecommunications development).

#### Planning Outcomes

- 3.4 The government's key policy outcomes for economic development are to raise productivity, maximise job opportunities, and improve economic performance in all the English regions. Through this, the government also intends to reduce the gap in economic growth rates between regions. Delivering sustainable development and responding to climate change are core, together with building prosperous communities by improving the economic performance of cities, sub regions, and local areas, promoting regeneration and tackling deprivation.
- 3.5 The draft PPS re-iterates that a robust evidence base is required in order to identify a range and mix of sites for large and small firms. High quality design is important, as is avoiding adverse environmental impacts but mitigating them where unavoidable and promoting sustainable travel choices wherever possible. Planning authorities should take into consideration the following when devising plans and making decisions:

- A new statutory economic development duty for Metropolitan and County authorities would require them, on their own or jointly with other authorities, to carry out an economic assessment of the circumstances and challenges for local economies. The Government will consult separately on this proposed new economic duty.
- An assessment of the supply of land through an employment review and a housing review
- Local and regional character
- Differing locational requirements of businesses
- Trends in the structure of industry and employment
- The actual or potential location of distribution and telecommunications networks
- Wider regional economic trends
- Avoiding adverse environmental impacts, and mitigating where these occur
- Identify and plan for new and emerging sectors

- 3.6 The annex at **Appendix 2** to this report includes a list of economic data sources that should also be taken into consideration.

#### Definition of Economic Development

- 3.7 The draft PPS4 proposes a broad definition of 'economic development'. In addition to traditional B Class uses (offices other than financial services, research & development, light

industry, general industry such as manufacturing, and storage & distribution), it recognises the contribution made by housing, waste facilities, energy production, tourism, minerals, hospitals and higher / further educational facilities, retail and leisure.

#### Positive Planning for Economic Development

- 3.8 Planning authorities, it is stated, should plan 'positively and proactively' to encourage economic development 'in line with the principles of sustainable development'. Authorities should develop flexible policies which are able to respond to economic change and capable of being co-ordinated with infrastructure and housing provision. The emphasis here is upon a demand led system.

#### Recognising Business needs

- 3.9 The government recommends limiting designation of sites for single / restricted uses; avoiding the carrying forward of unjustifiable existing employment allocations, especially if for restricted / single use and separating certain types of industry from sensitive land uses. However for office development (B1a) it is stated that preference should be given to the identification of sites in or on the edge of town centres, consistent with the sequential approach in Planning Policy Statement 6 for retail developments. It is also stated that local planning authorities should set criteria based policies and safeguard where necessary, land from other uses.

#### Effective use of land

- 3.10 In order to maximise the effective use of land the government recommends:

- Taking account of price signals
- Prioritising brownfield and previously developed land along with vacant and derelict buildings
- Setting maximum parking standards but revoking national parking standards for all uses as set out in PPG 13
- High quality and sustainable environments
- High quality design reflecting local characteristics and climate change.
- Consider live / work units / working from home and changing work patterns
- Promoting mixed use developments
- If there is no reasonable prospect of a site being developed in the plan period, wider employment uses or alternative uses such as housing, should be considered

## **4 Proposal and Other Option(s) to be Considered**

- 4.1 The consultation includes a number of questions. Draft responses to the questions appear at **Appendix 1** to this report.

- 4.2 The implications of the draft PPS4 can be summarised as follows:

- The Draft Coventry Economic Strategy is saying that we need to be flexible and innovative; the draft PPS4 accords with this approach. The draft PPS4 will not materially prejudice the delivery of the draft Coventry Economic strategy;

- An emphasis on information gathering potentially has resource implications, either in officer time or use of consultants or both, but underpins the soundness requirements for plan making;
- The sources of data listed at **Appendix 2** that should be used as part of the evidence base, particularly the Census 2001 data, is out of date. This raises a tension between gathering evidence to inform policy, drafting policies that are 'forward thinking', and the validity of 'old' data. Your officers are concerned that some of these data sources, most notably Census 2001 data, are out of date and as such may not provide an adequate or robust steer for policy development. In addition, flexibility is needed to use the most appropriate, objective and accurate data available to local authorities, for example from the Regional Observatory.;
- While it is recognised that there are many contributors to the economic base the draft PPS4 sends mixed messages and there is a risk that confusion and manipulation of the planning system may result. An example could be a housing developer pointing to the identification of housing as an employment generating use and suggesting that, as a result, the Council should allow residential development of allocated (or other) employment sites with the consequential effect that insufficient sites remained to provide the range and choice of land necessary to deliver jobs for the local community; Inclusion of housing (and other) within the list of economic development has a number of potential implications. For instance, green belt land be released for development, then residential growth potentially becomes economic growth. A consequential loss of employment land to non B Class use (residential) appears to be a likely outcome of this redefinition. It is accepted, however, that the 'B class' uses (research & development, light industry, general industry, storage & distribution, and offices) are not the sole providers of employment. It follows that a more flexible approach to providing land for 'economic development' within the 'reservoir' as set out in emerging RSS would accord with the principles of the draft PPS4.
- These mixed messages include making it clear that specific uses should not be specified for specific sites, while simultaneously requiring the Local Planning Authority to gather intelligence about emerging sectors of the economy. It is therefore a valid point to make that it is perhaps a wasted effort to gather market intelligence if the system is demand led anyway;
- The final guidance should recognise that there are occasions where a single / restricted use site can be desirable and attractive from a market perspective;
- There appears to be a dichotomy between flexibility and certainty within this approach which requires reconciling;
- Discussion of telecommunications is limited within the document, despite the fact that PPG8 on Telecoms planning policy is proposed to be cancelled and is a significant document. The annexes to PPG8, which include expansion of permitted development rights and prior approval for telecommunications development, are to be retained. However, the siting and development details of the proposal will be lost. The implication of this is that much of the responsibilities and politically difficult decisions move to local authority level, where at present there is no guidance on material considerations.
- As a result, the Council would be required to produce a telecommunications policy within the Local Development Framework. The Stewart Report produced in May 2000 on the subject of mobile phone masts and health introduced the precautionary principle with regard to the siting of telecommunications masts is a consideration because the location of masts remains controversial. The precautionary principle says that, in the absence of any proof that masts are harmful to health, they should nevertheless not be located in some places, such as schools. It is important that national policy recognises the importance of telecommunications to the economy, as well as providing a consistent steer on the health issue (eg the implementation of the precautionary principle).
- It is important that PPS4 recognises that planning policies should include requirements for local planning authorities to monitor against specified triggers appropriate to their area so that it can respond quickly to changing economic circumstances. This mechanism would enable an LPA to continue to protect valuable parts of its portfolio but equally release allocated land

for other purposes if monitoring indicates that this is appropriate. This monitoring of the portfolio should be on a rolling five year supply basis, as advocated by the West Midlands RSS Phase II Revision Preferred Option, and in line with the approach taken by PPS3.

## 5 Other specific implications

### 5.1

	Implications (See below)	No Implications
Best Value		√
Children and Young People		√
Climate Change & Sustainable Development	√	
Comparable Benchmark Data		√
Corporate Parenting		√
Coventry Community Plan		√
Crime and Disorder		√
Equal Opportunities		√
Finance		√
Health and Safety		√
Human Resources		√
Human Rights Act		√
Impact on Partner Organisations		√
Information and Communications Technology		√
Legal Implications	√	
Neighbourhood Management		√
Property Implications		√
Race Equality Scheme		√
Risk Management		√
Trade Union Consultation		√
Voluntary Sector – The Coventry Compact		√

### 5.2 Climate Change and Sustainable Development

One of the governments key policy outcomes for economic development is in delivering sustainable development, the key principles of which, including responding to climate change, are set out in Planning Policy Statement 1 and the annex to PPS1 on Climate Change.

### 5.3 Legal

The final PPS4 will be a material planning consideration when decisions are made on individual planning applications.

## 6 Monitoring

- 6.1 The proposals state that the annual monitoring process should be used to track whether the local authority's economic strategy is on course and the need for any changes.

## 7 Timescale and expected outcomes

- 7.1 Responses are required by 17<sup>th</sup> March 2008. The Government intends to publish a summary of responses to the consultation by the end of summer 2008. No indication is given as to when the new PPS4 will come into force.

	Yes	No
<b>Key Decision</b>		√
<b>Scrutiny Consideration (if yes, which Scrutiny meeting and date)</b>	√ <b>Scrutiny Board 3 5<sup>th</sup> March 2008</b>	
<b>Council Consideration (if yes, date of Council meeting)</b>	√ <b>18<sup>th</sup> March 2008</b>	

### List of background papers

Proper officer: *Director of City Development*

Authors: Telephone 024 7683 4173 / 1187  
*Tom Gardner, Planning Technician, Development Plans*  
*Jim Newton, Principal Planner, Development Plans*  
 (Any enquiries should be directed to the above)

Other contributors:

Marcus Fothergill	Principal Planner, Development Management 024 7683 1308
Lesley Wroe,	City Planning Manager 024 7683 1225
Trevor Errington,	Head of Planning & Strategic Transportation 024 7683 1230
Myles Mackie,	Manager, Research & Strategy 024 7683 1332
Helen Simpson,	Lead Accountant, City Development Finance Team 024 7683 3969
Jaz Bilen,	Customer & Workforce Services 024 7683 1125
Christine Forde,	Finance and Legal Services 024 7683 3306

Papers open to Public Inspection

Description of paper	Location
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## APPENDIX 1

### DRAFT RESPONSE: CONSULTATION PAPER ON A NEW PLANNING POLICY STATEMENT

4

1. **Do the policies set out in draft Planning Policy Statement on Economic Development achieve the right balance between economic, social and environmental considerations? Will they help to deliver sustainable development?**

There is insufficient discussion of the linkages between social, economic and environmental factors. Policy linkages need to be drawn out and straightened. We also want to be sure that while acknowledging the importance of housing to economic development the requirement for a choice and range of employment sites to meet the needs generated by that housing is satisfied. The impression must not be given that developers can reasonably expect that viable industrial / employment sites can be released for housing development, because this will undermine the provision of a balanced portfolio of land and thus, planning strategy. This issue requires clarification.

2. **The draft Planning Policy Statement proposes a stronger emphasis on the need for evidence, including economic evidence for plan making and decision making. Do you agree that this is the correct approach?**

In part the historic evidence base should not constrain a change in the vision of an authority that is seeking transformational change as is the case in Coventry. However, it would be rash to adopt policies without first having an understanding of the local economy. It is considered that a mechanism needs to be put in place to amend site allocations as and when it becomes necessary, with triggers set out, without requiring a review of the relevant DPD/s.

The Council is also concerned that some of the data sources listed in Annex A, most notably Census data, is not current. It is considered that policy development should not be guided by information that is not reasonably current.

3. **If you agree that there should be a stronger emphasis on the need for evidence what are your views on the following:**

**The need for final Planning Policy Statement to include a suggested list of data as at Annex A?**

There is tension here that will be challenging to reconcile, between vision based strategies, and the data that appears in Annex A. While a 'standard' set of indicators may give signals and triggers to act or otherwise, there may be occasions when a Council's vision based policy is not borne out by the situation *at that time*. This would not necessarily mean that the vision *could not* be realised, but it would be tempting to interpret the facts in that way. Flexibility is needed to use the most appropriate, objective, accurate data available to local authorities, for example from the Regional Observatory.

**Are there any data / forecasts that should be excluded or added to the proposed list?**

The Regional observatory and other local studies should be added to the list

**Could the proposed data and forecasts also help to form part of the proposed new economic assessment that, subject to separate consultation, Local Authorities would be required to carry out?**

Yes

**What is the most appropriate level at which data should best be collected: regional, sub-regional or local level?**

The answer depends on what data is being collected. Sector-based econometric modelling should not be done at below sub-regional level, but local house affordability ought to be collected at local levels.

**4. Is there a need for separate planning policy guidance on the use of Simplified Planning Zones as set out in Planning Policy Guidance note 5?**

Yes.

**5. Do you agree that the methodology used to determine sub-regional housing markets provide an appropriate proxy for determining economic markets?**

No. The housing market assessment has artificially broken up the economic sub-region (CSW).

**6. Is the approach to the location and development of B1 offices suitably flexible to meet the needs of business, whilst delivering sustainable development?**

Taking a prescriptive approach to the location of B1 office uses appears to contradict paragraph 18, final bullet point, which says that Local Planning Authorities should not specify uses of identified employment land, and that market demand will influence office location. There is also potential for tension between PPS6 and 'freeing up' employment land outside of centres to B1 office use.

This undermines the thrust of the RSS and undermines the principles of sustainable development.

**7. Is the less prescriptive approach to non-residential car parking suitably responsive to the needs of business in the context of the objectives in Paragraph 4 of PPG13 Transport?**

Parking standards and availability should not become a competitive tool between different settlements. Standards should be set at a sub-regional or national level.

**8. Do you agree that employment sites should not be retained as such if there is no reasonable prospect of them coming forward for development during the plan period?**

Yes, usually in principle, for brown field sites. The Council would draw a distinction between previously developed and green field sites and allocations. They should not normally be retained but these should not be a presumption that other development is acceptable in the case of green field / Green belt sites. Given the longer lead-in times for employment sites' development, when compared with residential schemes, a balance needs to be struck between ensuring an adequate 'pipeline' supply of employment land and de-allocating and/or re-allocating demonstrably surplus and/or



unattractive sites. It should be incumbent upon the developer/site owner to demonstrate that, despite reasonable and consistent efforts to market the site for employment use/development, it has not come forward for development *for viability/market attractiveness reasons*.

It is important that there is a choice between sites that are available, to provide for a full range of business needs within a balanced local, sub-regional and national economy.

**9. Does this draft Planning Policy Statement deal adequately with the particular needs of rural areas?**

No comment

**10. Will this draft Planning Policy Statement have an impact upon the "equality strands", and particularly on the Gender, Race and Disability strands? If not, should it? We particularly welcome the views of organisations and individuals with specific expertise in these areas.**

Our own economic strategy is complementary to the draft PPS4, and seeks to ensure that all have the same life chances and opportunities, regardless of such issues as Gender, Race and Disability.

**Other comments**

It is important that the flexibility advocated, and generally supported is not so great as to undermine the principles of RSS. This is particularly important in relation to the urban renaissance where we have sought to reduce the unsustainable 'flight from the cities' with policies that explicitly seek to temper demand led development. This recognises that sites that are 'easy and desirable' for developers do not necessarily contribute the most to wider policy objectives.

It is important not to constrain the importance of telecommunications to Coventry's economy. Strong and robust guidance is required to that end.

The Council is extremely concerned at the proposal to cancel advice contained in PPG8 (Telecommunications) while retaining the Prior Approval mechanism. It is considered that insertion of a single paragraph to PPS4 (draft) requiring LPA's to adopt policy locally, that will inevitably mirror existing PPG8, is not satisfactory, and determination of telecommunications proposals inevitably involve a balance between recognising the contribution they make to economic activity with environmental considerations and concerns about their health implications. Their contribution to the economy of the country is such that a clear national framework for decision making should remain. It is important not to constrain the importance of telecommunications to Coventry's economy. To that end, strong and robust guidance is needed at an overarching national level. It is important that national planning policy recognises the importance of telecommunications development to the economy, and also a consistent steer on the health issue.

There is a potential tension between planning for emerging sectors, using market and other intelligence, vision based strategies and avoiding single use site designations. This is because some sectors have specific locational requirements, and some sites could be safeguarded 'just in case' manufacturing comes back in 10 – 15 years for example, but the Council would not want them to be released for B8 development in the meantime. It is important that PPS4 recognises

that planning policies should include requirements for local planning authorities to monitor against specified triggers appropriate to their area so that it can respond quickly to changing economic circumstances. This mechanism would enable an LPA to continue to protect valuable parts of its portfolio but equally release allocated land for other purposes if monitoring indicates that this is appropriate. This monitoring of the portfolio should be on a rolling five year supply basis, as advocated by the West Midlands RSS Phase II Revision Preferred Option, and in line with the approach taken by PPS3.

## APPENDIX 2

CONSULTATION PAPER ON A NEW PLANNING POLICY STATEMENT 4 | ANNEX A

# Annex A

## Data:

### Economy

**Employment by Broad Sector** – : Gives background on regional economic structure. It is available by region and gives an insight into the importance of different sectors for regional employment. (ABI)

**VAT Registrations/De-Registrations** – : Gives an indication of entrepreneurship over time as well as business failure. It is available on a regional and a county/unitary authority basis and can be compared against stocks of registrations from the same source. (ONS)

**Business Size** – : The number of different business sizes can also inform an understanding of the importance of different industries to a region. Detailed yearly data is available on a regional basis of the number of different businesses in different employment size bands for broad categories. (ABI)

**Employment Change** – : Changes in employment patterns can give an insight into the growth/decline of different sectors for regional employment. (ABI)

**Economic Activity Rate** – : This shows the percentage of the population that is either in work or looking for work and can be used to help understand the potential workforce for new business development. (Labour Force Survey)

### Economic Performance

**Gross Value Added (GVA)** – : This measures the difference between the value of the output of businesses and the value of their inputs and is on a regional and county/unitary authority basis. (ONS)

### The Population and workforce

**Qualifications** – : This can show the percentage of the population that has achieved different levels of qualifications and can be used to give a background of the potential workforce of an area. (Census)

**Occupations** – : This can show the percentage of the population of a specific area or region who are employed in different jobs. (Census)

**House Affordability** – : This is a ratio of lower quartile house prices to lower quartile earning. It is available by region and is an indication of housing need. (Land Registry and ONS)

**Population:** – Data on changes in population help indicate the scope for development. (Land Registry and ONS)

**Index of Multiple Deprivation** – : The index published at ward level can give an insight into the regeneration opportunities in a deprived area.(CLG)

### **The Labour Market**

**Earnings** – : Earnings can give an insight into the appropriate scope/type of economic development in an area, on a regional and county/unitary authority basis. (ABI)

**Unemployment** – : Gives background on the scope for economic development opportunities. It needs to be understood in the context of the qualification and skills of a potential workforce. (ONS)

**Travel to Work** – : Information on the different methods of commuting and catchment areas can help to inform infrastructure decisions. (Census)

### **Land and Property Markets**

**Unimplemented Planning Permissions:** – Existing data held by local planning authorities on planning permissions could be a helpful sign of what development is in the pipeline.

**Existing Floorspace** – : Data is available on floorspace currently available. This can provide an insight into how much spare capacity already exists for businesses.(Valuation Office)

### **Survey Data**

In conjunction with more regional information, local survey data may be used for plan making, review and development control decisions, provided they are up to date. Joint LPA studies benefit from economies of scale, better reflect functional planning areas and tend towards easier comparison. Some examples include:

- Floorspace Availability by rent and size
- Rents by grade
- Office land values
- Construction rates
- Trends and demand

### **Distinctive, economic and Property Challenges**

- Stock condition
- Likely future changes to stock
- Known infrastructure issues
- Marketability of sites

### **Forecasts and Projections**

The following set of 'Forecasts and Projections' may also be useful to inform the review of planning strategies at the regional and sub-regional level.

**Demographic** – (population and household) (ONS and CLG). Bespoke models may be appropriate.

**Economic** – (GVA). Usually regional or sub-regional.

**Population** – – economic interactions (modelling based upon assumptions that increases in population will impact upon economic performance and vice versa)

**Spatial implications of forecasts and projections** – (modelling based upon sectional and spatial implications of economic change).

## **Planning Policy Guidance 13: Transport**

### **Objectives**

4. The objectives of this guidance are to integrate planning and transport at the national, regional, strategic and local level to:
  1. promote more sustainable transport choices for both people and for moving freight;
  2. promote accessibility to jobs, shopping, leisure facilities and services by public transport, walking and cycling, and
  3. reduce the need to travel, especially by car.