Ensuring the vitality of town centres

What does the National Planning Policy Framework say about planning for town centres?

Local planning authorities should plan positively, to support town centres to generate local employment, promote beneficial competition within and between town centres, and create attractive, diverse places where people want to live, visit and work.

Local planning authorities should assess and plan to meet the needs of main town centre uses in full, in broadly the same way as for their housing and economic needs, adopting a ‘town centre first’ approach and taking account of specific town centre policy. In doing so, local planning authorities need to be mindful of the different rates of development in town centres compared with out of centre.

This positive approach should include seeking to improve the quality of parking in town centres (in line with the National Planning Policy Framework) and, where it is necessary to ensure the vitality of town centres, the quantity too. Local planning authorities should set appropriate parking charges that do not undermine the vitality of town centres and parking enforcement should be proportionate, avoiding unfairly penalising drivers.

The National Planning Policy Framework sets out two key tests that should be applied when planning for town centre uses which are not in an existing town centre and which are not in accord with an up to date Local Plan – the sequential test and the impact test. These are relevant in determining individual decisions and may be useful in informing the preparation of Local Plans.

The sequential test should be considered first as this may identify that there are preferable sites in town centres for accommodating main town centre uses (and therefore avoid the need to undertake the impact test). The sequential test will identify development that cannot be located in town centres, and which would then be subject to the impact test. The impact test determines whether there would be likely significant adverse impacts of locating main town centre development outside of existing town centres (and therefore whether the proposal should be refused in line with policy). It applies only above a floorspace threshold as set out in paragraph 26 of the National Planning Policy Framework (http://planningguidance.planningportal.gov.uk/blog/policy/achieving-sustainable-development/delivering-sustainable-development/2 -ensuring-the-vitality-of-town-centres/#paragraph_26).

Revision date: 06 03 2014

Related policy

National Planning Policy Framework

- Annex 2 – Glossary
  - Main town centre uses (http://planningguidance.planningportal.gov.uk/blog/policy/achieving-sustainable-development/annex-2-glossary/)
Why is it important to have a strategic vision for town centres?

A positive vision or strategy for town centres, articulated through the Local Plan, is key to ensuring successful town centres which enable sustainable economic growth and provide a wide range of social and environmental benefits. Once adopted a Local Plan, including any town centre policy that it contains, will be the starting point for any decisions on individual developments. Local planning authorities should work with the private sector, Portas Pilot organisations, town teams, neighbourhood planning groups, town centre management organisations and other relevant groups when developing such strategies. Non-planning guidance produced by other Government Departments and the sector may be useful in producing such a strategy.

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What should a town centre strategy contain?

Any strategy should be based on evidence of the current state of town centres and opportunities to meet development needs and support their viability and vitality. Strategies should answer the following questions:

- what is the appropriate and realistic role, function and hierarchy of town centres in the area over the plan period? This will involve auditing existing centres to assess their role, vitality, viability and potential to accommodate new development and different types of development. This assessment should cover a three-five year period, but should also take the lifetime of the Local Plan into account and be regularly reviewed
- what is the vision for the future of each town centre? This should consider what the most appropriate mix of uses would be to enhance overall vitality and viability
- can the town centre accommodate the scale of assessed need for main town centre uses? This should include considering expanding centres, or development opportunities to enable new development or redevelop existing under-utilised space. It should involve evaluating different policy options (for example expanding the market share of a particular centre) or the implications of wider policy such as infrastructure delivery and demographic or economic change
- in what timeframe should new retail floorspace be provided?
- what complementary strategies are necessary or appropriate to enhance the town centre and help deliver the vision for its future, and how can these be planned and delivered?
- how can parking provision be enhanced and both parking charges and enforcement be made proportionate, in order to encourage town centre vitality?

Strategies should identify changes in the hierarchy of town centres, including where a town centre is in decline. In these cases, strategies should seek to manage decline positively to encourage economic activity and achieve an appropriate mix of uses commensurate with a realistic future for that town centre.

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How should market signals be addressed when planning for town centres?

Local planning authorities should take full account of relevant market signals when planning for town centres and should keep their retail land allocations under regular review. These market signals should be identified and analysed in terms of their impacts on town centres. This information should be used to inform policies that are responsive to changes in the market as well as the changing needs of business.

Revision date: 06 03 2014

Paragraph: 005  Reference ID: 2b-005-20140306

Which indicators should be used to determine the health of town centres?

The following indicators, and their changes over time, are relevant in assessing the health of town centres:

- diversity of uses
- proportion of vacant street level property
- commercial yields on non-domestic property
- customers’ views and behaviour
- retailer representation and intentions to change representation
- commercial rents
- pedestrian flows
- accessibility
- perception of safety and occurrence of crime
- state of town centre environmental quality

Not all successful town centre regeneration projects have been retail led or involved significant new development. Improvements to the public realm, transport (including parking) and accessibility as well as other measures promoted through partnership can also play important roles.

Any strategy should identify relevant sites, actions and timescales, and be articulated clearly in the Local Plan, where it can be considered by local people and investors. It should be regularly reviewed, assessing the changing role and function of different parts of the town centre over time.

Revision date: 06 03 2014

Paragraph: 006  Reference ID: 2b-006-20140306

What if the required development cannot be accommodated in the town centre?

It may not be possible to accommodate all forecast needs in a town centre: there may be physical or other constraints which make it inappropriate to do so. In those circumstances, planning authorities should plan positively to identify the most appropriate alternative strategy for meeting the need for these main town centre uses, having regard to the sequential and impact tests. This should ensure that any proposed main town centre uses which are not in an existing town centre are in the best locations to support the vitality and vibrancy of town centres, and that no likely significant adverse impacts on existing town centres arise, as set out in paragraph 26 of the National Planning Policy Framework (http://planningguidance.planningportal.gov.uk/blog/policy/achieving-sustainable-development/delivering-sustainable-development/2-ensuring-the-vitality-of-town-centres/#paragraph_26).
Related policy

National Planning Policy Framework


Paragraph: 007  Reference ID: 2b-007-20140306

What should local planning authorities consider when planning for tourism?

Please see here for the World Tourism Organisation’s definition of tourism (http://media.unwto.org/en/content/understanding-tourism-basic-glossary).

Tourism is extremely diverse and covers all activities of visitors. Local planning authorities, where appropriate, should articulate a vision for tourism in the Local Plan, including identifying optimal locations for tourism. When planning for tourism, local planning authorities should:

- consider the specific needs of the tourist industry, including particular locational or operational requirements;
- engage with representatives of the tourism industry;
- examine the broader social, economic, and environmental impacts of tourism;
- analyse the opportunities for tourism to support local services, vibrancy and enhance the built environment; and
- have regard to non-planning guidance produced by other Government Departments.

Local planning authorities may also want to consider guidance and best practice produced by the tourism sector. Further guidance on tourism can be found on the Visit England website (http://www.visitingengland.org/).

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Paragraph: 008  Reference ID: 2b-008-20140306

What is the sequential test?

The sequential test guides main town centre uses towards town centre locations first, then, if no town centre locations are available, to edge of centre locations, and, if neither town centre locations nor edge of centre locations are available, to out of town centre locations, with preference for accessible sites which are well connected to the town centre. It supports the viability and vitality of town centres by placing existing town centres foremost in both plan-making and decision-taking.

Revision date: 06 03 2014

Related policy

National Planning Policy Framework

- Annex 2 – Glossary
  - Edge of centre (http://planningguidance.planningportal.gov.uk/blog/policy/achieving-sustainable-development/annex-2-glossary/)
How should the sequential approach be used in plan-making?

In plan-making, the sequential approach requires a thorough assessment of the suitability, viability and availability of locations for main town centre uses. It requires clearly explained reasoning if more central opportunities to locate main town centre uses are rejected.

The checklist below sets out the matters that should be considered when taking a sequential approach to plan-making:

- Has the need for main town centre uses been assessed? The assessment should consider the current situation, recent up-take of land for main town centre uses, the supply of and demand for land for main town centre uses, forecast of future need and the type of land needed for main town centre uses.
- Can the identified need for main town centre uses land be accommodated on town centre sites? When identifying sites, the suitability, availability and viability of the site should be considered, with particular regard to the nature of the need that is to be addressed.
- If the additional main town centre uses required cannot be accommodated in town centre sites, what are the next sequentially preferable sites that it can be accommodated on?

Local Plans should contain policies to apply the sequential test to proposals for main town centre uses that may come forward outside the sites or locations allocated in the Local Plan.

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How should the sequential test be used in decision-taking?

It is for the applicant to demonstrate compliance with the sequential test (and failure to undertake a sequential assessment could in itself constitute a reason for refusing permission). Wherever possible, the local planning authority should support the applicant in undertaking the sequential test, including sharing any relevant information. The application of the test should be proportionate and appropriate for the given proposal. Where appropriate, the potential suitability of alternative sites should be discussed between the developer and local planning authority at the earliest opportunity.

The checklist below sets out the considerations that should be taken into account in determining whether a proposal complies with the sequential test:

- with due regard to the requirement to demonstrate flexibility, has the suitability of more central sites to accommodate the proposal been considered? Where the proposal would be located in an edge of centre or out of centre location, preference should be given to accessible sites that are well connected to the town centre. Any associated reasoning should be set out clearly.
- is there scope for flexibility in the format and/or scale of the proposal? It is not necessary to demonstrate that a potential town centre or edge of centre site can accommodate precisely the scale and form of development being proposed, but rather to consider what contribution more central sites are able to make individually to accommodate the proposal.
- if there are no suitable sequentially preferable locations, the sequential test is passed.

In line with paragraph 27 of the National Planning Policy Framework (http://planningguidance.planningportal.gov.uk/blog/policy/achieving-sustainable-development/delivering-sustainable-development/2-ensuring-the-vitality-of-town-centres/#paragraph_27), where a proposal fails to satisfy the sequential test, it should be refused. Compliance with the sequential and impact tests does not guarantee that permission is granted – local planning authorities will have to consider all material considerations in reaching a decision.
Related policy

National Planning Policy Framework


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Paragraph: 011  Reference ID: 2b-011-20140306

**How should locational requirements be considered in the sequential test?**

Use of the sequential test should recognise that certain main town centre uses have particular market and locational requirements which mean that they may only be accommodated in specific locations. Robust justification must be provided where this is the case, and land ownership does not provide such a justification.

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Paragraph: 012  Reference ID: 2b-012-20140306

**How should viability be promoted?**

The sequential test seeks to deliver the Government’s “town centre first” policy. However as promoting new development on town centre locations can be more expensive and complicated than building elsewhere local planning authorities need to be realistic and flexible in terms of their expectations.

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Paragraph: 013  Reference ID: 2b-013-20140306

**What is the impact test?**

The purpose of the test is to ensure that the impact over time (up to five years (ten for major schemes)) of certain out of centre and edge of centre proposals on existing town centres is not significantly adverse. The test relates to retail, office and leisure development (not all main town centre uses) which are not in accordance with an up to date Local Plan and outside of existing town centres. It is important that the impact is assessed in relation to all town centres that may be affected, which are not necessarily just those closest to the proposal and may be in neighbouring authority areas.

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Paragraph: 014  Reference ID: 2b-014-20140306

**How should the impact test be used in plan-making?**

If the Local Plan is based on meeting the assessed need for town centre uses in accordance with the sequential approach, issues of adverse impact should not arise. The impact test may be useful in determining whether proposals in certain locations would impact on existing, committed and planned public and private investment, or on the role of centres.

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How should the impact test be used in decision-taking?

It is for the applicant to demonstrate compliance with the impact test in support of relevant applications. Failure to undertake an impact test could in itself constitute a reason for refusing permission.

The impact test should be undertaken in a proportionate and locally appropriate way, drawing on existing information where possible. Ideally, applicants and local planning authorities should seek to agree the scope, key impacts for assessment, and level of detail required in advance of applications being submitted.

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When should the impact test be used?

The impact test only applies to proposals exceeding 2,500 square metres gross of floorspace* unless a different locally appropriate threshold is set by the local planning authority. In setting a locally appropriate threshold it will be important to consider the:

- scale of proposals relative to town centres
- the existing viability and vitality of town centres
- cumulative effects of recent developments
- whether local town centres are vulnerable
- likely effects of development on any town centre strategy
- impact on any other planned investment

As a guiding principle impact should be assessed on a like-for-like basis in respect of that particular sector (e.g. it may not be appropriate to compare the impact of an out of centre DIY store with small scale town-centre stores as they would normally not compete directly). Retail uses tend to compete with their most comparable competitive facilities. Conditions may be attached to appropriately control the impact of a particular use (http://planningguidance.planningportal.gov.uk/blog/guidance/use-of-planning-conditions/).

Where wider town centre developments or investments are in progress, it will also be appropriate to assess the impact of relevant applications on that investment. Key considerations will include:

- the policy status of the investment (i.e. whether it is outlined in the Development Plan)
- the progress made towards securing the investment (for example if contracts are established)
- the extent to which an application is likely to undermine planned developments or investments based on the effects on current/ forecast turnovers, operator demand and investor confidence

* Gross retail floorspace (or gross external area) is the total built floor area measured externally which is occupied exclusively by a retailer or retailers, excluding open areas used for the storage, display or sale of goods.

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Is there a checklist for applying the impact test?

The following steps should be taken in applying the impact test
• establish the state of existing centres and the nature of current shopping patterns (base year)
• determine the appropriate time frame for assessing impact, focusing on impact in the first five years, as this is when most of the impact will occur
• examine the ‘no development’ scenario (which should not necessarily be based on the assumption that all centres are likely to benefit from expenditure growth in convenience and comparison goods and reflect both changes in the market or role of centres, as well as changes in the environment such as new infrastructure);
• assess the proposal’s turnover and trade draw* (drawing on information from comparable schemes, the operator’s benchmark turnover of convenience and comparison goods, and carefully considering likely catchments and trade draw)
• consider a range of plausible scenarios in assessing the impact of the proposal on existing centres and facilities (which may require breaking the study area down into a series of zones to gain a finer-grain analysis of anticipated impact)
• set out the likely impact of that proposal clearly, along with any associated assumptions or reasoning, including in respect of quantitative and qualitative issues
• any conclusions should be proportionate: for example, it may be sufficient to give a broad indication of the proportion of the proposal’s trade draw likely to be derived from different centres and facilities in the catchment area and the likely consequences to the viability and vitality of existing town centres

A judgement as to whether the likely adverse impacts are significant can only be reached in light of local circumstances. For example in areas where there are high levels of vacancy and limited retailer demand, even very modest trade diversion from a new development may lead to a significant adverse impact.

Where evidence shows that there would be no likely significant impact on a town centre from an edge of centre or out of centre proposal, the local planning authority must then consider all other material considerations in determining the application, as it would for any other development.

The design year for impact testing should be selected to represent the year when the proposal has achieved a ‘mature’ trading pattern. This is conventionally taken as the second full calendar year of trading after opening of each phase of a new retail development, but it may take longer for some developments to become established.

*Trade draw is the proportion of trade that a development is likely to receive from customers within and outside its catchment area. It is likely that trade draw will relate to a certain geographic area (i.e. the distance people are likely to travel) and for a particular market segment (e.g. convenience retail). The best way of assessing trade draw where new development is proposed is to look at existing proxies of that type of development in other areas.

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Impact Test: Decision-taking

This diagram sets out some of the key steps which should be taken when carrying out an impact test in decision-taking, but does not outline the process in its entirety.

Determine the scope of the assessment.
The local planning authority and applicant should work together to outline:
• the scale and form of the proposed development;
• the characteristics of the proposed development, for example the catchment area and target market;
• the existing situation (base year) and time frame for assessing the impacts (design years)

Has the scope of the assessment been adequately outlined?
If the assessment has been appropriately scoped, the local planning authority should examine what might happen if the proposed development doesn’t take place - the ‘no development’ scenario. This should acknowledge changes in the market and environment, and the role of centres. Has the ‘no development’ scenario been analysed?

If the ‘no development’ scenario has been analysed, the proposed development’s potential turnover and ‘trade draw’ should be assessed. This should make use of information from comparable schemes, benchmark turnover and carefully thought through ‘trade draw’ catchments. Have the turnover and ‘trade draw’ been analysed?

If the turnover and ‘trade draw’ have been analysed, the potential impacts of the proposed development should be considered. A range of possible scenarios should be considered to assess the impacts of the proposed development. The impacts on the following should be considered:
- existing, committed and planned investment within the given catchment area;
- town centre vitality and viability;
- In-centre trade, and trade in the wider area including the rural economy where applicable.
Have the potential impacts been fully considered and outlined?

Are the consequences of the identified impacts likely to be significantly adverse? This should consider the extent of the impacts on the study area, and might include examination of the effects of trade diversion on pedestrian flows and investor confidence.

Yes

If the impacts of the proposed development are likely to be significantly adverse, the application should be refused.

No

If the impacts of the proposed development are not likely to be significantly adverse, the positive and negative effects should be considered alongside all other material considerations to determine the outcome of the application.

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Planning Practice Guidance - ensuring-the-vitality-of-town-centres-guidi:

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