

Planning Policy Guidance 4: Industrial, commercial development and small firms

Introduction

1. One of the Government's key aims is to encourage continued economic development in a way which is compatible with its stated environmental objectives. Economic growth and a high quality environment have to be pursued together. The Environment White Paper "This Common Inheritance" (Cm 1200) emphasised this relationship when it said that "Economic growth is not an end in itself. It provides us with the means to lead better and fuller lives. There is no contradiction in arguing both for economic growth and for environmental good sense. The challenge is to integrate the two."

2. Responsibility for the environment is not solely the preserve of central and local government. The planning system plays an important role integrating environmental and economic objectives. Development plans provide the policy framework, weighing the importance of industrial and commercial development with that of maintaining and improving environmental quality. The principles of sustainable development require the responsible use of man-made and natural resources by all concerned in a way that ensures that future generations are not worse off. Careful attention to environmental issues makes good economic sense for business and industry.

Development Plans

3. Section 54A of the Town and Country Planning Act 1990 (inserted by section 26 of the Planning and Compensation Act 1991) requires planning decisions to be made in accordance with the development plan unless material considerations indicate otherwise. Up-to-date and relevant plans are essential if the development needs of commerce and industry are to be met, and reconciled with demands for other forms of development and for the protection of the environment. Development plans should give industrial and commercial developers and local communities greater certainty about the types of development that will or will not be permitted in a given location.

4. Section 54A enhances the importance of participation in the plan-making process. PPG12 and PPG12 (Wales) emphasise that local planning authorities should consult widely to ensure that all those with an interest have an opportunity to influence their emerging policies. It is important for all individual businesses, and their representative bodies, to make known to local planning authorities their likely development needs over the plan period and to seek to ensure that the plan policies will facilitate appropriate provision.

5. PPG12 and PPG12 (Wales) state that structure plans (and Part 1 of unitary development plans (UDP)) should include policies relating to major industrial, business, retail and other employment-generating and wealth-creating development. Local plans and Part II of UDPs are required to be in general conformity with these policies. Planning authorities should therefore ensure that their development plans contain clear land-use policies for different types of industrial and commercial development (see also paragraph 8 below) and positive policies to provide for the needs of small businesses.

6. Full guidance on the way economic considerations should be taken into account when development plans are prepared is given in paragraphs 5.43-5.47 of PPG12 and 5.41-5.45 of PPG12

(Wales). Policies should provide for choice, flexibility and competition. In allocating land for industry and commerce, planning authorities should be realistic in their assessment of the needs of business. They should aim to ensure that there is sufficient land available which is readily capable of development and well served by infrastructure. They should also ensure that there is a variety of sites available to meet differing needs. A choice of suitable sites will facilitate competition between developers; this will benefit end-users and stimulate economic activity.

7. The business use class (class B1), one of the key changes introduced in the Town and Country Planning (Use Classes) Order 1987 (the UCO), allows greater flexibility to change between light industrial, office and research and development uses. It introduces a clear distinction between business uses and general industry, based on environmental factors. It presents an opportunity for development plans to provide positively for enterprise and investment, whilst affording effective environmental protection. To preserve the flexibility afforded by the UCO and the General Development Order, development plans should not generally contain policies advocating the imposition of general restrictions on the freedom they provide (see also paragraph 30 on the use of conditions).

8. It remains open to planning authorities to propose policies in development plans aimed at channelling particular types of business development into particular locations, although in each such case a clear justification for the distinction should be made. Thus, where appropriate, plans should provide specifically for the types of industry which, although necessary, may be detrimental to amenity or a potential source of pollution. Suitable sites are a scarce and important resource for such industry. Development plans should however ensure that development by such industries is separated from sensitive land uses. Further advice on the approach that should be taken in development plans to the siting of potentially polluting industry will be given in a forthcoming PPG on Planning and Pollution Control.

Locational Factors

9. Industry and commerce have always sought locational advantage in response to various external factors. These include: the demands of customers; access to raw materials and suppliers; links with other businesses; the workforce catchment area; and various transport considerations. Business often gives high priority to good access to roads, and sometimes rail, airports and ports.

10. The locational demands of businesses are therefore a key input to the preparation of development plans. Development plan policies must take account of these needs and at the same time seek to achieve wider objectives in the public interest (see paragraph 11). Development plans offer the opportunity to:

- encourage new development in locations which minimise the length and number of trips, especially by motor vehicles;
- encourage new development in locations that can be served by more energy efficient modes of transport (this is particularly important in the case of offices, light industrial development, and campus style developments such as science and business parks likely to have large numbers of employees);
- discourage new development where it would be likely to add unacceptably to congestion;
- locate development requiring access mainly to local roads away from trunk roads, to avoid unnecessary congestion on roads designed for longer distance movement.

More generally, the preparation of development plans is now the main mechanism by which major new development proposals can be assessed alongside the transport improvements needed to serve them; and by which transport proposals can be linked to the development opportunities they create.

11. The Government's policy, set out in "This Common Inheritance" and subsequent White Papers, is to seek to control the emissions of greenhouse gases which lead to global warming. Locational policies in development plans can help to achieve that objective through reducing the need to travel, and encouraging development in areas that can be served by more energy efficient modes of transport - such as rail or water (including coastal shipping). Local planning authorities should consult the British Railways Property Board to help identify potential development sites such as old goods yards and depots or other land adjacent to track. Port authorities should be encouraged to contribute to a similar exercise. It will be important to consider not only land adjacent to existing infrastructure which is in use but also locations next to disused facilities which have been safeguarded under arrangements described in paragraphs 5.35 and 36 of PPG12 (5.33 and 34 of PPG12 (Wales)) and which might be returned to freight use if demand increases. Where land for such development opportunities is scarce, planning authorities may indicate that they will give preference to proposals from industrial and commercial users who would benefit from efficient rail or water services rather than for retail or housing proposals which could be located elsewhere. Such policies need to be approached with flexibility and care. Their purpose is to maximise the potential use of transport infrastructure other than roads. But such an objective would not justify protecting such sites from alternative development if there was no realistic prospect of redevelopment for industrial or commercial purposes in the foreseeable future.

12. Some types of modern distribution facility have a low density of employment, and are served by a very large number of lorries. Retail distributors, for example, depend on efficient distribution systems and require strategic locations capable of serving regional, national and European markets. Extensive, well-planned out-of-town distribution parks can offer economies of scale and consequent benefits to consumers or businesses supplied. Sites for such developments are best located away from urban areas, where the nature of the traffic is likely to cause congestion, and wherever possible should be capable of access by rail and water transport. Such sites should be reserved for those warehousing uses which require them, and not released for other uses unless there is a clear surplus of suitable sites in the area, and no realistic prospect of development for that purpose in the foreseeable future. Separate guidance on the location of retail development is provided in PPG6.

Development Control-A Positive Approach

13. The planning system should operate on the basis that applications for development should be allowed, having regard to the development plan and all material considerations, unless the proposed development would cause demonstrable harm to interests of acknowledged importance. Development control should not place unjustifiable obstacles in the way of development which is necessary to provide homes, investment and jobs, or to meet wider national or international objectives. Nevertheless planning decisions must reconcile necessary development with environmental protection and other development plan policies. Local planning authorities can do much to guide firms, and particularly small firms, through the requirements of the planning system; these operational measures are set out below.

Helping small firms through the planning system

Small businesses often lack the expertise available to larger firms. They may need to obtain planning permission only infrequently, but such a requirement is likely to occur at a crucial stage of their business life, when they start up, expand or re-locate. The Department's free explanatory booklet "*A Step by Step Guide to Planning Permission for Small Businesses*"¹ is designed to assist businesses making planning applications. Local planning authorities should maintain supplies of this booklet for issue to developers and small businesses.

Uncertainty over planning matters can be a source of insecurity and expense and, especially in the case of small firms, may threaten their growth or existence. Informal discussions between local authorities and applicants at an early stage can help to reduce this uncertainty; it can prevent the wasted cost of submitting unacceptable planning applications, and speed up the processing of formal applications. Where relevant, it will also be useful for applicants to discuss their proposals with the highway authority (either the local highway authority or, if a trunk road is involved, the Department for Transport or the Welsh Office as appropriate). Wherever possible, discussions should be conducted by experienced officers who can assess realistically the considerations likely to influence those responsible for the final decision. Prospective applicants must realise that, in such discussions, officers cannot commit their authority to reaching a particular decision if to do so would exceed the scope of the powers delegated to them by the authority.

A House of Lords judgement (*R v Richmond-upon-Thames London Borough Council, Ex parte McCarthy & Stone (Developments) Ltd (1991)*) made it clear that a local planning authority has no power to charge fees for providing pre-application advice about development proposals. The Secretaries of State consider that pre-application discussions are beneficial to prospective applicants and local planning authorities alike, and that planning authorities should continue to provide advice where appropriate, notwithstanding their inability to charge for it.

Local planning authorities and the Government have a responsibility to ensure that planning applications and appeals are determined as swiftly as is practicable (see PPG1).

Unwarranted delay can result in unnecessary extra costs, delayed production and reduced, or even lost, employment opportunities.

Mixed Uses

14. The characteristics of industry and commerce are evolving continuously, and many businesses can be carried on in rural and residential areas without causing unacceptable disturbance through increased traffic, noise, pollution or other adverse effects. Individual planning decisions will of course depend on such factors as the scale of the development, the nature of the use of the site and its location.

15. It is now generally recognised that it may not be appropriate to separate industry and commerce-especially small-scale developments-from the residential communities for whom they are a source of employment and services. In areas which are primarily residential, development plan policies should not seek unreasonably to restrict commercial and industrial activities of an appropriate scale - particularly in existing buildings - which would not adversely affect residential

¹ Copies of this guide can be obtained from DOE, P.O Box 135, Bradford, West Yorkshire BD9 4HE

amenity. Planning permission should normally be granted unless there are specific and significant objections, such as a relevant development plan policy, unacceptable noise, smell, safety, and health impacts or excessive traffic generation. The fact that an activity differs from the predominant land use in any locality is not a sufficient reason, in itself, for refusing planning permission.

16. In rural areas, applications for development necessary to sustain the rural economy should be weighed with the need to protect the countryside in terms of, for example, its landscape, wildlife, agriculture, natural resources and recreational value. Detailed advice on industrial and commercial development in the countryside, including National Parks and Areas of Outstanding Natural Beauty, is given in PPG7, "The Countryside and the Rural Economy". Advice on Green Belts, where industrial and commercial development will not normally be appropriate, is provided in PPG2. Changes from agricultural use to other use require full planning permission.

17. Where they are disposed to permit industrial or commercial developments in residential and rural areas, planning authorities should bear in mind that subsequent intensification of the use may become unacceptably intrusive. Unless it amounts to a material change in the character of the use, intensification cannot be controlled if unconditional planning permission has been granted. Planning authorities should, therefore, consider the use of planning conditions or planning obligations to safeguard local amenity, where they would be an appropriate means of preventing foreseeable harm.

18. Notwithstanding paragraph 15, planning authorities should consider carefully whether particular proposals for new development may be incompatible with existing industrial and commercial activities. The juxtaposition of incompatible uses can cause problems for the occupiers both of the new and of the existing development. For example, where residential development is proposed in the vicinity of existing industrial uses, the expectations of the residents may exceed the standards applied by the planning authority, and may give rise to pressure to curtail the industrial use. This may be a particularly acute problem where other legislation, such as that relating to environmental pollution or public health, might subsequently result in costly new conditions or restrictions being imposed on the industry as a consequence of the new neighbouring development. Further advice on this issue will be given in the forthcoming PPG on Planning and Pollution Control.

19. It is preferable for buildings to be used appropriately than to stand wholly or partially empty. In older buildings, particularly those containing retail uses at ground level, the demand for the former mix of uses may have declined as a result of changing circumstances. A flexible attitude with respect to use may therefore be required to enable suitable re-use or new uses to be instituted in under-used space where this might contribute to the preservation of the building or enhancement of the townscape.

Conservation And Heritage

20. Special care should be taken in considering proposals to convert for commercial and industrial use buildings which are listed as being of special architectural or historic interest. Detailed advice on conservation and heritage issues, to replace that given in Circular 8/87 "Historic Buildings and Conservation Areas-Policy and Procedures" (WO Circular 61/81), will be given in a forthcoming PPG.

Re-Use Of Urban Land

21. Many urban areas contain large amounts of land, once used for industrial purposes but now under-used or vacant. Getting this land back into beneficial use is important to the regeneration of

towns and cities. Optimum use should be made of potential sites and existing premises in inner cities and other urban areas, taking into account such factors as accessibility by public transport, particularly in the case of labour-intensive uses. Local planning authorities should identify such areas and indicate their appropriate alternative uses, including industrial and commercial uses, in their development plans, keep up-to-date details on available sites, and provide information about them to potential developers.

22. The establishment of a Simplified Planning Zone (SPZ), which grants planning permission for specified development or types of development, may be an appropriate approach in areas where there is a particular need to promote regeneration and to encourage economic activity. Advice on SPZs is given in PPG5.

23. Local authorities and statutory undertakers have a major part to play by releasing under-used or vacant sites from their own land holdings; local authorities should also encourage other major landowners to review their land holdings with the aim of releasing sites for development. Realistic planning and development policies can help secure the release of land, whether in public or private ownership.

Speculative Development

24. Few firms, especially small ones, can afford to build their own premises, and developers who provide unit factories, offices and other premises suitable for small firms are contributing to the expansion of the economy and of employment. Planning applications for speculative development should be considered on their land-use planning merits; authorities should not normally seek to investigate whether the developer already has particular prospective purchasers or tenants; this will seldom be a material consideration.

Environmental Assessment

25. Environmental assessment (EA) is a process by which information about the likely environmental effects of certain major projects is collected, assessed and taken into account by the local planning authority in deciding whether planning permission should be granted. Major industrial and commercial development proposals are among those most likely to be affected by the requirement to undertake EA. The Town and Country Planning (Assessment of Environmental Effects) Regulations 1988 set out two lists of projects. For those in Schedule 1, EA is required to be carried out in every case; for those in Schedule 2, EA is required if the particular development proposed would be likely to have significant effects on the environment by virtue of factors such as its nature, size or location.

26. Early discussion of major industrial developments with the local planning authority can help to minimise any delay to the proposal arising from the need to comply with the EA requirements. Further information on these requirements is given in DOE Circular 15/88 (WO 23/88) and in the Departments' booklet "Environmental Assessment - A Guide to the Procedures", published by HMSO in November 1989.

The Imposition Of Conditions

27. Planning permission should be refused if that is the proper course in the light of the development plan and other material considerations. Consideration should always be given, however, to whether specific problems associated with a development proposal might reasonably be overcome by granting permission subject to conditions. Examples might be where it is desirable to control times of operation or to prevent weekend working in order to protect amenity. Planning

authorities should include in their development plans policies for the type of condition or planning obligation that might be imposed or sought in a particular situation.

28. Conditions are sometimes imposed to confine the occupation of commercial or industrial premises to local firms. Such conditions can act - undesirably - to protect local businesses against fair competition, and may hinder the movement of industry in response to economic demand. If a service or the employment it generates is needed in an area, there is no planning reason why it should be provided by one firm rather than another. Industrial buildings in an area of open countryside will not become more acceptable because their occupancy is restricted; nor will the expansion of a local firm necessarily lead to less pressure for further development (eg housing) than the arrival of a firm from outside. The Secretaries of State therefore regard such conditions as undesirable in principle.

29. However, where the need of a local firm to expand is sufficiently exceptional to justify a departure from a general policy of restraint, it will be essential to ensure that such a permission is not abused. It may be reasonable to impose a "local occupancy" condition in such circumstances, provided it is for a short period (no more than ten years), covers a large catchment area (for example, the area of the relevant county) and clearly defines the categories of persons or firms who may occupy the premises. Occupancy conditions should be imposed only when special planning grounds can be demonstrated and where the alternative would normally be to refuse the application. It would not normally be appropriate to impose such conditions on small buildings of less than 300 square metres of office floorspace (or 500 square metres of industrial floorspace). Occupancy conditions should not be imposed which provide for a system of vetting by the local planning authority or the use of a vague test such as "needing to be located in the area".

30. Save in exceptional circumstances, conditions should not be imposed which restrict either permitted development rights granted by development orders or future changes of use which the UCO would otherwise allow. The Secretaries of State would regard such conditions as unreasonable unless there were clear evidence that the uses excluded would have serious adverse effects on amenity or the environment, that there were no other forms of control, and that the condition would serve a clear planning purpose. Detailed advice on the use of planning conditions is given in DOE Circular 1/85 (WO 1/85), and for mineral developments in MPGs 2 and 7.

31. Where an authority's planning objectives cannot be achieved by imposing a planning condition (because, for example, they involve the developer making a financial contribution, or they relate to development, roads or buildings other than those covered by the planning permission), it may be appropriate to enter into a planning obligation. Advice on the use of such obligations is given in DOE Circular 16/91 (WO 53/91).

Deciding Whether Permission Is Needed

Working from home

32. Many small businesses and other non-residential uses are started by people working in their own homes, and technological innovations are likely to increase the incidence of home-working. Home-working does not necessarily require planning permission. Permission is not normally required where the use of part of a dwelling-house for business purposes does not change the overall character of the property's use as a single dwelling. For example, the use by a householder of a room as an office, or childminding complying with the Department of Health's standard

recommended ratios², would be unlikely to mean that the character of the house's use as a single dwelling had ceased and would not normally require planning permission. Those considering working from home are advised to seek the advice of their local planning authority at an early stage.

33. Once the business or non-residential use of the property ceases to be ancillary to its use as a single dwelling because, for example, the business has grown and the use of the dwelling for activities related to the business has intensified, a material change of use for which planning permission is required is likely to have taken place. The likelihood of there having been such a material change of use may be indicated where the business or non-residential use generates visitors, traffic, noise or fumes over and above what might be expected if the property were in use as a single dwelling without any ancillary use. Local planning authorities should take steps to ensure that such developments are effectively controlled, and should be prepared to refuse planning permission or to use their enforcement powers where appropriate.

Ancillary uses

34. Similar principles apply where a new activity is introduced in, or within the curtilage of, a commercial or industrial building. The established planning principle of ancillary (or incidental) uses recognises that new activities may be started in a building or within its curtilage without any further need for permission, provided they remain ancillary to the main use. The use of the rear of a shop for office and storage purposes in connection with the shop, for example, would be part of the shop use in planning terms and would not require further permission. However, office or storage use by an unrelated business could well require planning permission. It will always be sensible for businesses to check with the planning authority before instituting any new use of land or premises.

Enforcement Action

35. Part 1 of the Planning and Compensation Act 1991 gives local planning authorities strengthened and improved powers to take enforcement action where they consider it "expedient" to do so. When considering whether enforcement action is appropriate in relation to small businesses, authorities should always consider with the utmost care the likely effect on the operation of the business. It may well be practicable, in some cases, to achieve a mutually acceptable outcome by means of negotiation with the owner or operator of the business. But where such an outcome is not practicable, planning authorities should take such enforcement action as they consider necessary to deal with the unauthorised use or development of land. More detailed policy guidance about the use of authorities' enforcement powers is given in PPG18, "Enforcing Planning Control", published in December 1991.

Cancellation Of Advice

36. The following advice is hereby cancelled:
PPG4 (January 1988)
Paragraphs 11-14 of DOE Circular 22/80 (WO 40/80).

² The Children Act 1989 Guidance and Regulations, Volume 2 - Family Support, day care and educational provision for young children; available from HMSO.