



10 DOWNING STREET

*From the Private Secretary*

9 December, 1983

MR Addison ✓  
Economy file  
JA. Not going to  
this meeting

*Dear John,*

The Ministers who attended the meeting at Chequers in September are meeting again on Friday, 16 December at 10 a.m. to discuss the follow up to that meeting. As stated in my letter to you of 6 October, the Prime Minister has not asked for written reports on the various remits set out in the checklist attached to Michael Scholar's letter of 14 September. Where, however, there are specific papers to hand these could be circulated as a background to the discussion. In general, Ministers are asked to make oral reports. The Prime Minister has requested that these should nevertheless be thorough and detailed, reporting on progress made and problems encountered, and suggesting the steps to be taken next.

In the time available, it will not be possible to discuss all fifteen subject headings in the checklist. In any case, many of the items have made substantial progress through the normal machinery of government. The Prime Minister has selected those areas where she believes there is still significant progress to be made or where a further discussion would be most productive. These are set out in the attached agenda.

The remaining items have not been selected for discussion, though Ministers may have an opportunity to raise points on them if they think that is essential.

Over lunch, the Prime Minister proposes to discuss general strategy and the main themes; ways in which the presentation of Government policy could be improved; the way in which outstanding work on the various remits should be completed; and the way in which further policy development work of this kind can be carried forward.

I would be grateful if knowledge of the existence of this meeting could be restricted. This implies that any briefing which Ministers call for should be initiated by separate instructions which do not refer back to the meeting.

/ I am

SECRET AND PERSONAL - CMO

I am sending copies of this letter to Elizabeth Hodgkinson (Department of Education and Science), Mike Reidy (Department of Energy), John Ballard (Department of the Environment), Barnaby Shaw (Department of Employment), Callum McCarthy (Department of Trade and Industry), Alex Galloway (Office of the Chancellor of the Duchy of Lancaster); to the Chairman of the Manpower Services Commission and Sir Alan Walters; and to Richard Hatfield (Cabinet Office).

*Yours sincerely  
Andrew*

ANDREW TURNBULL

John Kerr, Esq.,  
H.M. Treasury

SECRET AND PERSONAL - CMO

SEMINARY ON INDUSTRY AND EMPLOYMENT  
FOLLOW UP MEETING, 16 DECEMBER, 1983

AGENDA

(The numbering is that used in the checklist attached to Mr. Scholar's letter to Mr. Kerr of 14 September)

2. Taxation

Items (a), (c) and (d). Item (b) to be dealt with in the run up to the Budget.

4. Trade Policy

Items (a), (b) and (c).

6. Small Firms Policy

Items (a) and (b).

8. Planning Controls

Item (a). The attached paper by the Secretary of State for the Environment will provide the basis of the discussion.

10. Barriers to Employment

Items (b) and (c).

13. Housing

All items except (g).

15. Education

Items (a), (b), (c), (e), (f) and (k). The remaining items under this heading which are related to training are being discussed either in E(A) or elsewhere.

/Lunchtime Discussion

Lunchtime Discussion

- (i) Review of strategy and summary of main themes.
- (ii) Improving presentation of Government policy.
- (iii) Next steps to follow up outstanding remits.  
and for further development of policy.

Papers

- (i) Mr. Scholar's letter of 14 September.
- (ii) Chancellor of the Exchequer's paper to NEDC on "Changing Employment Patterns", circulated by the Treasury on 8 December.
- (iii) The Town and Country Planning system: paper by the Secretary of State for the Environment, circulated herewith.

THE TOWN AND COUNTRY PLANNING SYSTEM  
PAPER BY SECRETARY OF STATE FOR THE ENVIRONMENT

Policy Objectives

1. The Government is committed to promoting a free market economy and to deregulation. The planning system can operate in ways that conflict with both those objectives. Yet it also attracts widespread support for its protective effect on property values, local amenity and the countryside. Properly used it can serve the interests of both development and conservation. We need to ensure that it works as intended and in accord with Government policy.
2. We cannot do without a planning system: land is a valuable resource and should be managed in ways that ensure economy, efficiency and amenity in the use and development of land. It is not practical and would not be sensible to scrap the system. In itself it is neutral: what matters is the way it is used and the attitudes of those who operate it. We have to ensure that it works efficiently and does not impose needless delays and unnecessarily detailed controls that add to the costs of development and impede economic growth and innovation.
3. We have also to recognise that any move to modify control often evokes strident opposition from the powerful conservationist lobby, mostly our own supporters. The recent vehement reaction to our draft circulars on Green Belts and land for housing has shown that we have to convince the public at large that, in urging the need to make proper provision for development, we recognise the importance of planning control in safeguarding local amenity. They are quick to fear that we are throwing overboard long established policies to conserve good agricultural land, protect the countryside and preserve the character of our historic towns and cities. The hostility to change and development, particularly housebuilding, is a much greater obstacle than the system itself. We have to get people to realise that new development is essential to economic growth and that proper provision must be made for it: conservation alone is not enough.

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Alternative systems

4. The only widely used alternative to the British system of discretionary control based on statutory plans are the zoning and subdivision (lotting) controls common in America and most European countries. But these tend to be either rigid and simplistic, and require numerous applications for "variances" etc, or they are immensely complex: the New York zoning ordinance runs to over 300,000 words. In practice they can be used by local communities to impose even more restrictive controls than our system, which is moderated by the Ministerial powers of plan approval, appellate jurisdiction and reserve powers of intervention in local planning.

5. The statutory system that we have is flexible and adaptable. We have to ensure that it works well. This means improving and simplifying its procedures and, above all, changing the attitudes of those who use it - or want it to be used - in a wholly restrictive manner.

Improving the efficiency of the system

6. Since 1979 we have implemented a wide range of measures to simplify the system and improve its efficiency. These were listed in Annexes A and B to MISC 14(83)4; since then nearly all the further measures listed in Annex C have been implemented and the rest are well in hand.

7. In 1979 60% of all applications were decided within 8 weeks; last year it was 72%, and 91% within 13 weeks. The average time for deciding appeals was 29 weeks in 1979; last year 19 weeks. We have cleared the large backlog of plans awaiting approval. We have widened the range of development that does not require planning permission. The system is now more responsive to demand than is often assumed. Over 90% of all planning applications are approved. In the

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case of housing development, which is the largest land user and often attracts most opposition, 62% of schemes over 10 units were approved in 1980; by last year this had risen to 78% and in the latest quarter 80%.

8. Despite these measures, the system is still used in some areas in a highly restrictive manner and to impose trivial, onerous and prescriptive controls of a kind that no government (certainly not this one) would contemplate introducing in general legislation. Too many authorities still fall well below an acceptable standard of efficiency in dealing with applications. Obviously there is still plenty of room for improvement: we have to keep hammering away at this and expose inefficiency where it persists.

9. There are at least two aspects that we need to review. The first concerns certain types of development proposal on which the system tends to "choke" because of the conflicts of commercial as well as environmental interests that they involve. John Sainsbury's superstores are a good example of this: Annex A discusses this aspect in more detail and explains the action that the Department is taking. The second (and related) aspect is the public inquiry system which, where major private or public projects are concerned, can become excessively protracted and impose heavy costs on both developers and objectors. The process has become increasingly complex and legalistic, resulting largely from the intervention of the Courts and the Council on Tribunals. We may need to commission an independent study to consider how this process can be simplified and how major cases can be dealt with more efficiently.

10. One innovation in the system which I think looks promising, is to extend the simplified planning regime that applies in Enterprise Zones to other selected areas. The scheme applies to large sites allocated for redevelopment or new development and sets out the types of use permitted or not

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permitted within those areas: developers are then free to develop without the need for specific planning permission. This is not a zoning system in the conventional sense since it applies only to particular sites and could not be applied to existing neighbourhoods of dense and diverse existing uses without importing a degree of rigidity and complexity that the present system avoids. But it may well be possible to extend it to areas of development and redevelopment outside the Enterprise Zones and it offers a possible alternative to the normal system. My Department is now working out detailed proposals in conjunction with the consultants who have been monitoring the EZ experiment. A consultation paper should be ready for publication before the end of the year. This change would require legislation.

Changing Attitudes

11. As I have said, changes in the system and improved efficiency will not have the effect we want unless attitudes towards it are changed among those who operate it and unless the much wider public (across a broad political spectrum) can be brought to understand that it does not exist solely to restrict development but must also make adequate provision for development. We also need to get across the thought that the system must not be used in ways that impose detailed controls on individual freedom and enterprise of a kind that Parliament would almost certainly reject in general (or even local) legislation.

12. Over the past three months I have published a series of major policy statements on a range of topics to do with planning policies and planning practice. Most of these have been published in draft form, and I intend to ensure that when they appear in their final form over the next two or three months they get the message across in unequivocal terms. They have already had a significant impact and commentators are beginning to realise that together they represent a cumulative and positive (some have said radical) policy of changing attitudes and assumptions about the planning system. They



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have also aroused strong opposition from some conservationist interests. Annex B gives a list of these statements and brief extracts that indicate their purpose.

13. Obviously we cannot rely simply on statements of policy, however radical or emphatic. We must back them up by exemplary planning appeal decisions, by using our powers to intervene in the plan making process, and by direct discussions with local planning authorities who appear least responsive to policy - and this may well involve negotiation at the political level.

14. If these actions do not succeed in changing the way in which the system operates, we may have to resort to other measures - which could include restoring planning powers to the Shire Counties (who tended to take a broader and more objective view than the Districts), a form of "efficiency audit", more extensive Ministerial intervention from the centre to ensure that sufficient land is allocated for development, and possibly direct action to acquire sites and make them available to developers. But most planning issues ought to be capable of resolution at the local level and it is right that the system should be responsive to local interests - provided that it does not deteriorate into parochial and one-dimensional planning.

Conclusion

15. I conclude that we should continue to support the land-use planning system - but make it very clear that we want it to work in ways that not only serve the interests of conservation and local amenity but also serve the national interest in economic growth and modernisation.

P - J -

30 November 1983

MAJOR RETAIL DEVELOPMENTS

1. Sir John Sainsbury has drawn attention to the difficulties that his firm has encountered in obtaining planning permission for major retail developments. He has suggested that the system should be changed so as to overcome uncertainty and delay. It is true that the planning system tends to "choke" on this type of development - whereas over 90% of all planning applications are approved. Some major retailers, however, seem to have less difficulty with the planning system. Marks and Spencer hardly ever have to resort to planning appeal, and ASDA (Associated Dairies) have opened a new superstore on average every 12½ weeks since 1965, including 10 last year, although they are encountering more difficulty as they move south.

2. Sainsburys (along with their main competitors in this field - ASDA and TESCO) are engaged in a programme of developing very large "superstores" (25-36,000 sq ft sales area, 50-60,000 sq ft gross, plus large car parking provision) mainly in suburban and peripheral locations. Stores of this size may require sites of around 10 acres, and can have a major impact on the local environment, on traffic generation and on the established pattern of retailing - town centre shops, small traders and other competitors. Planning applications for developments of this kind can attract strong opposition from local residents, Chambers of Commerce etc, and sometimes competing or obstructive proposals from other developers. Recently some planning inquiries have had to deal with ten or more proposals for similar development on the same or alternative sites.

3. Sainsburys (sometimes in conjunction with other retailers - British Home Stores; Boots) and some other developers are also promoting "Hyperstore" projects that can be two or three times the size of "superstores". These projects are quite exceptional: they raise similar problems but their impact is of a different order and may well be far more

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repercussive than superstores. Whereas there may be around 50 superstore projects in progress each year, there may be only three or four Hyperstore proposals and very few have been built.

4. Some research has been done on the impact of superstores on the pattern of retailing and established shopping centres. The conclusion tends to be that they reflect changing shopping habits, catering for the weekly household restocking, usually by car, as distinct from daily convenience shopping and separate expeditions to the far more diverse town centre shops and services. While the big supermarkets may tend to move away from the centre, other types of shop and trades will take their place and the town centre can retain its attraction. There may also be other benefits - less peak traffic congestion in the centre, and the development of neglected or abandoned sites within the urban area. There is some evidence that superstores result in a net gain in employment, at least in the area where they locate and in part-time jobs.

5. The impact of superstores (as distinct from Hyperstores) on established shopping centres may thus be far less damaging than has often been thought - and there are now plenty of completed schemes whose effect can be seen. But the impact on the local environment (and hence on property values) of developing a large superstore in or close to a quiet residential area may be much more significant and, if so, will certainly arouse strong opposition. Much depends therefore, on the skill of the developer in finding sites that will not provoke such objections and in moderating the impact by good design, layout and landscaping - and by developing a good "image".

6. It would hardly be possible to exclude such major developments from a system of land-use control. Sir John Sainsbury has suggested that the present system of discretionary control based on approved plans should be replaced by a "zoning" system: he envisages that all land would be zoned as residential, commercial or industrial, and that within those zones developers would be free to build without specific permission. A system similar to this existed in England

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in the 1930s. The limitations of such systems are explained in para 4 of the main paper, and para 10 deals with the possible extension of the method used in Enterprise Zones. Superstore developers have special locational requirements and their choice of sites is largely unpredictable: zoning systems could impede such developments at least as much as the inherently flexible British system.

7. The Department is now discussing the difficulties encountered by this type of retail development with the leading trade organisations - British Retail Association, the Multiple Traders Federation, the Independent Grocers Federation etc. - and with the local planning authorities. Sainsburys and other major firms have been asked whether they wish to comment separately or contribute to their trade organisations' response (as Sainsburys have said they intend to do).

8. Among the possibilities to be explored are -

- a) Issuing new advice on the subject to local planning authorities and developers (the present DOE guidance note dates from 1973 when there was little experience of this type of development): that advice would also be a major factor in deciding appeals.
- b) Incorporating more specific provision for such developments in local plans - emphasising the potential advantages of locating on neglected or abandoned sites within the urban area rather than in residential areas or on "green field" sites.

PLANNING SYSTEM: POLICIES AND PRACTICE

In the last three months the following statements, mostly in draft form, have been published on development control policies and the planning system.

Land for Housing (draft published: 12 July) - instructs local planning authorities to ensure that there is at all times at least a 5 year supply of land allocated for housbuilding and, even where such a supply exists, this "is not in itself a sufficient reason for refusing planning permission for other sites not at present allocated for development, particularly if they are likely to be more readily available". Welcomed by Housebuilders Federation and by the Royal Town Planning Institute. Opposed by the Council for the Preservation of Rural England. A redraft is under consideration.

Enforcement of control over trivial development (draft issued: July) - intended to curb the heavy-handed use of planning control over very minor types of development of a kind not covered by general regulations.

Planning Gain (published: 25 August) - makes it clear that planning authorities are not "entitled to treat an applicant's need for planning permission as an opportunity to exact a payment for the benefit of ratepayers at large". Secretary of State may award costs against an authority that seeks to impose unreasonable demands on developers. Welcomed by British Property Federation, Royal Institute of Chartered Surveyors and Law Society.

Green Belts (draft published: 3 August) - reaffirms established green belt policy but warns that, if the boundaries are drawn so tightly as to leave virtually no room for future development, the policy will not be sustained and the credibility of the green belt will be undermined. The draft has been seriously misrepresented as an attack on Green Belts; a revised draft will be published to put the message across more clearly.

Industrial Development (draft published: 23 September). - "It is of vital importance that planning policies should promote and not hinder the regeneration of British industry ... essential that planning authorities keep abreast of rapidly

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changing industrial technology and of the locational and environmental requirements of modern industries whose success is crucial to the development of the nation's future economy". Detailed advice on how high technology industries can be catered for by exploiting the flexibility afforded by existing regulations.

Good Design and Development Control ( published: 6 October.) "Planning procedures should not be used as a licence to impose different concepts on the designer or to interfere with the details of design, if the essential components of scale, density, access, the relationship to neighbouring development, are broadly acceptable". Secretary of State will have regard to these policies in the award of costs on planning appeals.