

# Assessing the impacts of Use Class E on town centres & high streets: dissemination event

23 February 2023

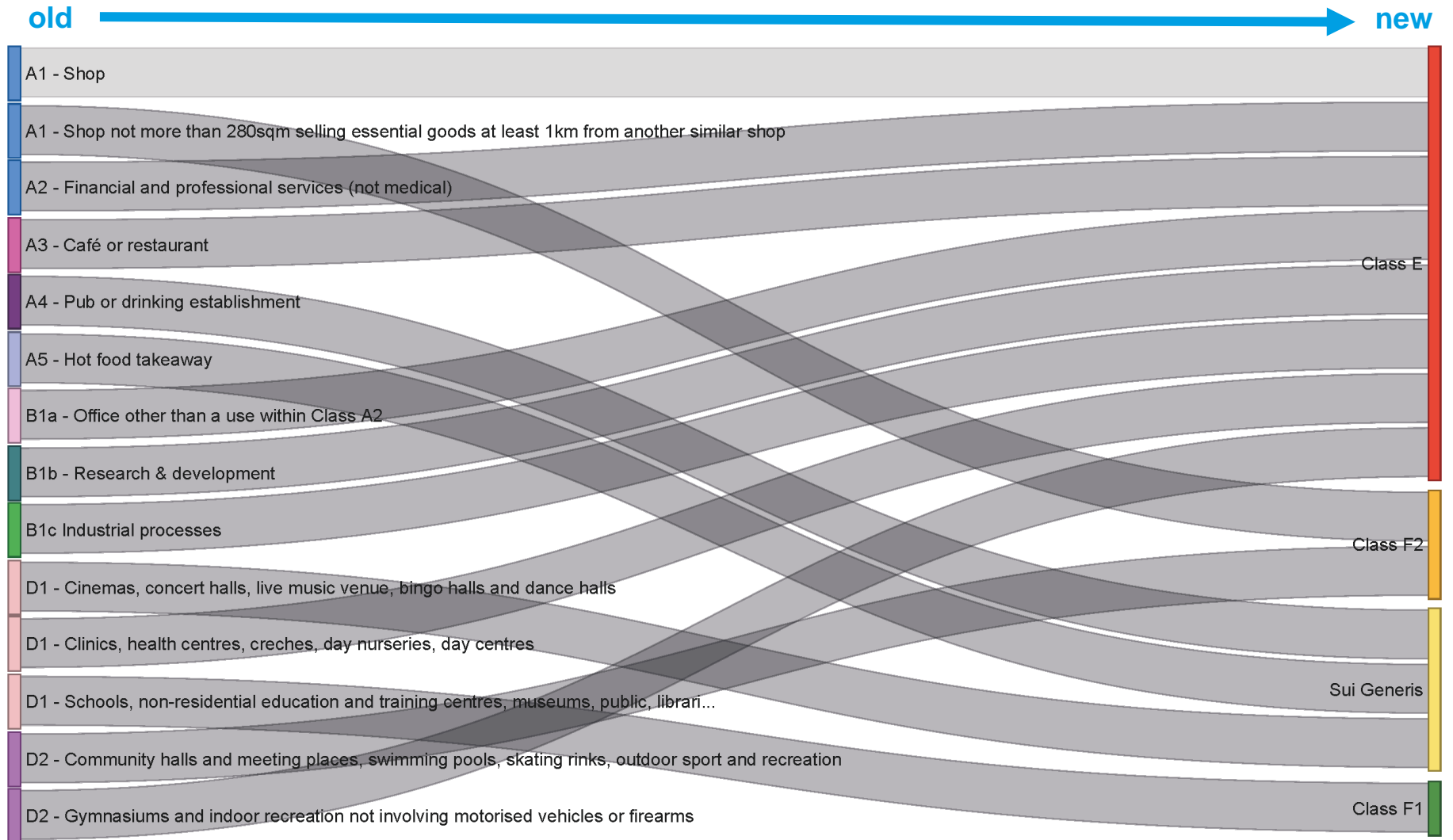
# The Quod Study and Research Results

## New Uses - What has changed?

Changes to the Use Class Order came into force in September 2020, introducing three new use classes:

- **Class E (Commercial, Business and Service)**
- **Class F1 (Learning and Non-Residential Institutions)**
- **Class F2 (Local Community)**

And a number of uses that do not fit into the new use classes have been added to Sui Generis.



# Class E Study – methodology and approach

Study explores how the introduction of Class E has changed town centres and high streets in England, and how LPAs are managing, monitoring and responding to Class E.

## Part A

- Data-led analysis of land use changes
- Local + national; by typology
- Sample shortlist of 60 + case studies
- Tested various data sets, TC boundaries
- Vacancy data, floorspace change over time...

## Part B

- Survey of 11 LPAs to understanding planning practice on the ground
- Even spread across typologies

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**Questions**

Name of Local Planning Authority (LPA)  
.....

**Data and Monitoring**

1) As an LPA, we're interested in whether you are monitoring or obtaining any data on changes that have occurred since the introduction of Class E in September 2020:

- Do you undertake a regular survey of certain high streets to record changes or do you purchase this service? (please specify)  
.....
- Do you have a local economic development team or Business Improvement District who has access to relevant data? (please specify)  
.....
- If so, what type of data is collected and how often?  
.....
- Would you be willing to share examples of such data with us?  
.....

**Observations and Views**

2) Have you observed any changes of use of buildings in response to the introduction of Class E?  
.....

If so:

- What are the positive changes you have observed?  
.....
- What are the negative changes you have observed?  
.....
- Have there been any unintended consequences?  
.....

3) In your view:

- What effects, if any, have the Class E changes had on the vitality and viability of your Town Centres?  
.....

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If they have had an effect, has it varied between different types of centre?  
.....

Are your views based on data, your professional perceptions or views of other stakeholders?  
.....

Locally in relation to the impact of the Covid-19 pandemic on town centres and high streets:  
Do you believe the intended flexibility of Class E has assisted with recovery and economic resilience?  
.....

Can you provide any specific examples?  
.....

**and Strategy**

Are the Use Class changes being factored into your planning policy and strategy?  
.....

Are the Use Class changes being factored into the development of town centre and high street policies in your emerging/updated local plan?  
.....

Can you point to any specific local plan policies either in draft or adopted?  
.....

Are you developing or have you approved any other strategies, Supplementary Planning Documents (SPDs), design guides or plans for your town centre(s)? If so:  
.....

Are policies in these being developed in response to the introduction of Class E?  
.....

- If not, what are they being developed in response to?  
.....
- Can you provide a link to relevant plans?  
.....

**Development Management**

7) In the consideration and granting of planning permissions:

- Has your approach changed in response to Class E, and if so, how?  
.....

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## Results: Three Key Areas

### 1. The success of Class E

- Delivering against the objectives of Class E
- Positive outcomes and unintended consequences
- Evidence of on-the-ground the change

### 2. Monitoring and evaluation

- What LPAs have been doing – and what they could do going forward

### 3. Planning practice

- Shifts in policy to support (or not) Class E
- Alignment/conflict with national guidance and policy
- Development management
- Officer and applicant expertise and approach

## Success of Class E

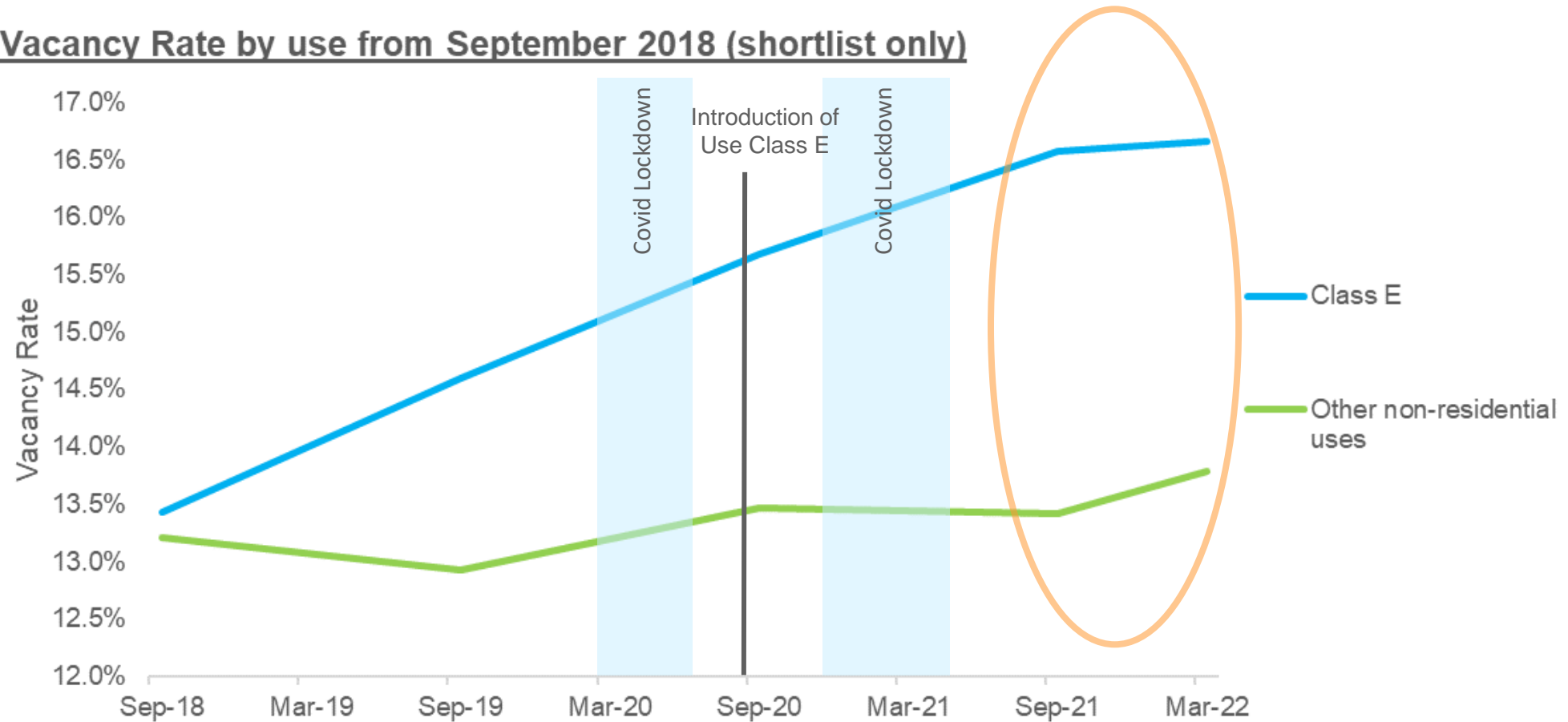
*Have the changes achieved what they sought to? Has Class E met its brief?*

- Study is an early snapshot – 18 months' of data
- Considered against key objectives:
  - Vacancy rate
  - Levelling up
  - Flexibility and adaptability on the high street
  - Recovery from the Covid-19 pandemic
- Early indications / anecdotal evidence of delivery against objectives



## Success of Class E: Vacancy Rate

**Vacancy Rate by use from September 2018 (shortlist only)**



**Trend of vacancy rate increase has started to slow in Class E since the end of 2021 but still grown at a faster rate than for non Class E uses.  
Anecdotal evidence that vacancy rate is declining**

# Success of Class E: Levelling Up

**Change in Vacancy Rate by 2022 Vacancy Rate and Levelling Up Fund Category**



**Higher level of vacancy associated with Levelling Up Fund Category 1, although no definitive correlation in change in vacancy and Levelling Up Category**



## Success of Class E: Flexibility and adaptability on the high street

- Little quantitative evidence of change in Class E (in aggregate and in case studies)
  - Short time period to “take up” the opportunity to date (leases, turnover)
- LPA feedback:
  - Some increase flexibility and adaptability
    - Increase in cafes and restaurants
    - Small increase in office space
    - Increase in more mixed and versatile uses
  - Class E’s **potential** to support vitality and return vacant units to active use



## Success of Class E: Covid-19 Pandemic Recovery

- Majority of LPA feedback: no real impact / too early to tell / not possible to tell
- Difficult to separate covid impact from other influences (e.g. changing consumer demands, cost of living crisis etc.)



- Some LPA evidence of recovery:
  - Adapting to changing consumer demands – food and services in local centres for home workers
  - Reduction in vacancy rates

## Success of Class E

*What evidence is there of change and trends at a national level?*

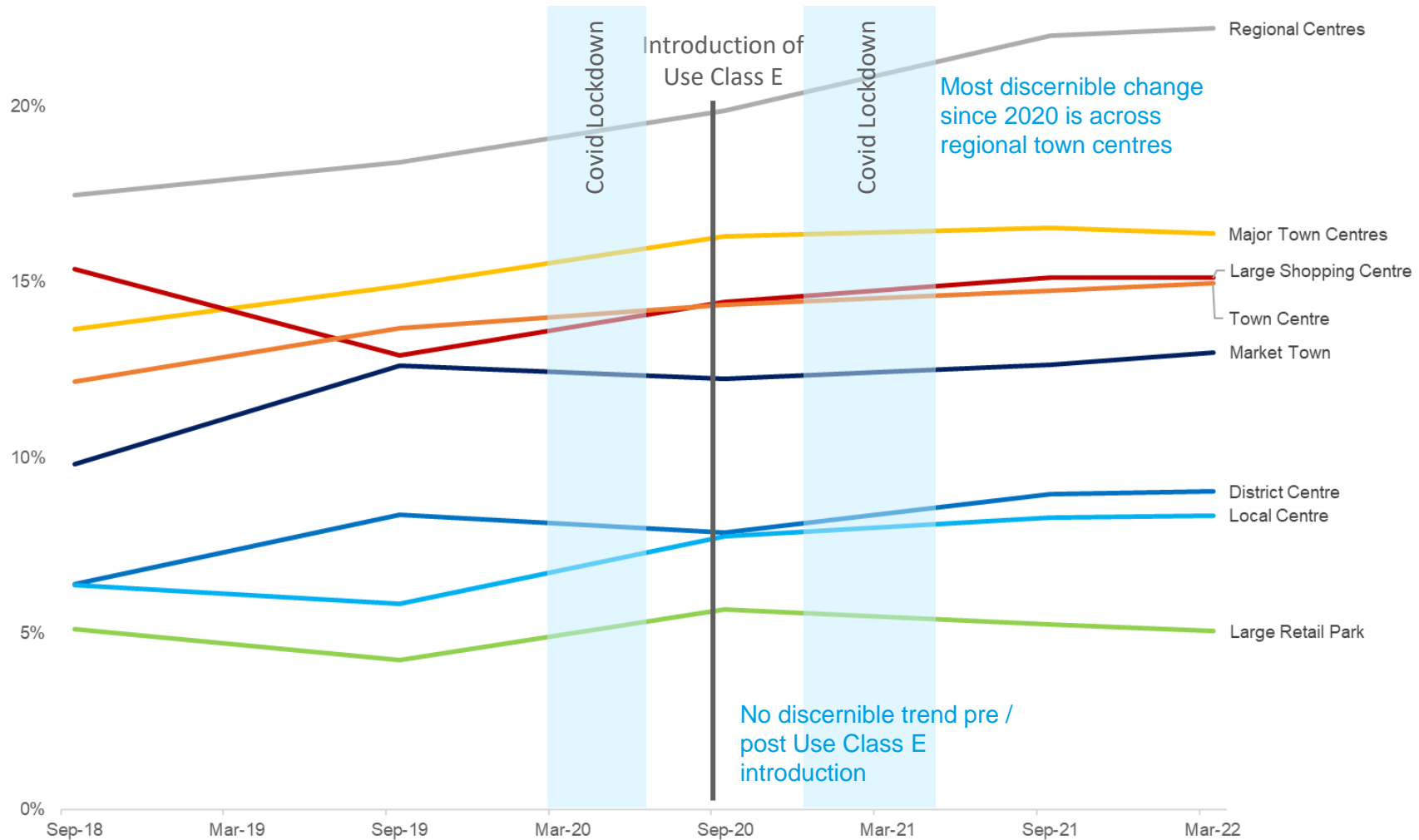
- No clear evidence of change between different regions or “types” / “families” of LPA (e.g. urban vs rural)

*What evidence is there of change and trends across typologies?*

- LPA feedback varies:
  - No clear pattern
  - General perception that small centres and small parades of shops likely to experience a greater impact – where a single change of use could have a significant impact on vitality
  - However, two LPAs noted most changes within larger centres to date (potentially a function of scale)

# Success of Class E: Trends across Typologies

**Class E Vacancy Rate by Typology from September 2018**



Anecdotal evidence from LPAs indicates vacancy rate reduction in larger town centres as well.

Most discernible change since 2020 is across regional town centres

No discernible trend pre / post Use Class E introduction

Broadly speaking, larger typologies of town centre\* have a higher vacancy rate compared to smaller typologies

\*excluding large shopping centre and large retail park which do not fit neatly by size order

## Unintended consequences?

- A number of individual instances of unintended consequences were raised by the LPA respondents:
  - Loss of retail and active frontage
  - Impact on residential amenity (e.g. disturbance issues from new restaurants/café's)
- A concern about the *possibility* of unintended consequences (but not yet borne out by experience) was also raised by respondents:
  - Loss of light industrial

## Monitoring and evaluation

- An **annual survey** is most common way LPAs monitor town centres and high streets
- Data collected varies but usually includes:
  - Uses/use classes
  - Vacancy
  - Shop front quality
  - Development completions

- Provides detailed information but there are a number of limitations:
  - Annual basis limits data available since 2020
  - Issues with resourcing
  - Use of old use class order
  - Multi-use premises not always captured
  - Variance in data collection and reporting
  - Bias towards retail uses
  - Change of individual units

Survey Year	A1	A2	A3	A4	A5	B1a	D1	D2	Variant	Other	Total	% Vacancy
2021	260	62	50	11	15	28	38	8	77	13	562	13.7
2020	256	68	49	13	14	28	37	9	78	13	565	13.8
2019	269	67	48	12	15	28	38	7	70	12	566	12.4
2018	277	72	52	12	16	36	31	8	60	12	576	10.4
2017	289	74	61	13	13	37	28	8	44	11	578	7.6
2016	279	70	62	13	14	35	30	8	55	13	579	9.5
2015	292	70	61	13	15	37	29	8	44	15	584	7.5
2014	294	72	53	13	15	41	26	9	50	9	582	8.5
2013	282	77	48	12	16	39	23	11	42	9	559	7.5

## Data Collection Opportunities

- Opportunity to measure changes at a national / centralised level...
- ...and for all LPAs to use a common data set
- To test policy / practice implications and effectiveness
- Reduce onus on planning / economics departments to collect primary data
  - And refocus on analysis / managing the changes
- VOA collects a lot of useful data
  - Hereditament (similar to unit) level data
  - Business rates payers
  - 6x per year
    - Up to date and accurate
- Possibility of VOA making this data available widely
  - Data flows to official statistics
  - Further work to be done
- Ideas welcome...
- PDR commercial to residential – opportunity to track

## Local Planning Practice on the ground

*What key changes have happened or are planned in local policy?*

- LPA response to Class E **varies greatly**
- Some LPAs are **embracing the changes**
  - Existing policy relating to former use classes no longer being applied in application determination
  - Intention to increase flexibility in emerging/future policy e.g. removing primary frontage minimums
- Others are **more resistant:**
  - Retaining prescriptive policy over type and proportion of uses acceptable in an area
  - Retail core remains an important part of policy

E.g. draft policy support for a diverse range of town centre uses *“where they contribute to the character, function and viability of that centre”*.



## Local Planning Practice

### *Alignment / conflict in NPPF, PPG, E Class flexibility?*

- Inconsistencies between national policy and guidance and the flexibility of Class E:
  - NPPF definition of 'main town centre uses' does not fully align with the purposes of Class E
  - NPPF requirement to define primary shopping areas
  - Sequential testing
  - PPG on establishing employment need
  - Monitoring employment delivery

#### **NPPF definition of 'main town centre uses'**

Retail development (including warehouse clubs and factoring outlet centres); leisure, entertainment and more intensive sport and recreation uses (including cinemas, restaurants, drive-through restaurants, bars and pubs, nightclubs, casinos, health and fitness centres, indoor bowling centres and bingo halls); offices; and arts, culture and tourism development (including theatres, museums, galleries and concert halls, hotels and conference facilities).

#### **Class E Additionally Includes:**

- Medical services/health centres (Ee)
- Nursery/creche (Ef)
- Research and Development (Egii)
- Light industrial (Egiii)

## Local Planning Practice

### *Development Management*

- Widespread use of conditions to restrict certain purposes within Class E
- Purpose to mitigate concerns of the impacts of certain uses e.g.
  - Protect active frontage
  - Protect residential amenity
  - Prevent loss of light industrial
  - Comply with current adopted policies (which predate Class E)
  - Ensure employment floorspace targets for certain uses are met
- Use of conditions not in line with the objectives of Class E however
- Developers are not yet challenging conditions at decisions stage, but could create problems down the line as landlords/tenants seek more flexibility.



# Local Planning Practice

## *Understanding of Class E is key*

- Understanding varies
- Change of use within Class E does not require planning permission, it is not PD and does not require prior approval.
- Some LPAs still receiving many applications for changes of use within Class E > misunderstanding by applicants / property professionals
- Clear information on council websites can assist
- Benefits include:
  - Reduced applications freeing up DM resources
  - Increase innovation in town centres and highstreets
  - Reduction in vacant units

## How to make a planning application

### Contents

1. [How to make a planning application](#)
2. Permitted development
3. Submitting an application
4. Considering an application
5. Planning decisions
6. Application forms
7. Pay for your Planning Application

### Planning permission

You probably need planning permission if you want to:

- build something new
- make a major change to your building such as building an extension
- change the use of your building or land
- merge houses or flats in a way which reduces the overall number of homes

### Permitted development rights

Planning permission isn't always required for a development if the works can be carried out using permitted development rights. These are set nationally and not by us.

Find out if you can carry out permitted development on the [Planning Portal](#) [↗](#).

### New 'Class E' for shops, services and businesses

Parliament has recently changed the Use Classes Order 1987, to allow free interchange between the majority of 'shopping centre' uses. From 1 September 2020, existing Classes A1, A2, A3, B1, and D1 of the Use Classes Order 1987 have been combined to form a new Class E, entitled 'Commercial, Business and Service'

The new Class E encompasses uses such as retail shops, hairdressers, estate agents, coffee bars, cafes, restaurants, B1 business, doctors, dentists, gyms, creches/day nurseries and more, so from 1 September **they can be changed to the other without requiring planning permission.**

It should be noted that Class E does not include pubs, or takeaways - planning permission is still required to change to/from these.

Also, it does not include a permitted development right for any external alterations, ducts, grilles, vents, plant etc - planning permission will still be required for these in the normal way.

Finally, food and alcohol licences will still be required for any new restaurant.

# Key Messages for LPAs

## Takeaways for LPAs to consider

### 1) Clearly defining Town Centres and High Streets

- NPPF requires this
- Consider going beyond retail
- Consider flexing / extending boundaries, informed by other / new data sources
- Policy can support the wider range of uses TCs now support

### 2) Local Planning Policy

- Embrace flexibility
- Consider prescriptive approach (type, proportion)
- Can be tool to increase diversity, vitality, resilience





### 3) National Planning Policy

- Inconsistencies – Use Class Order, NPPF and PPG
- On DLUHC's radar
- Continue to make policy and planning decisions – and flag challenges

### 4) Potential of Class E

- Concern: potential for unintended consequences
- Reality: limited unintended consequences examples to date
- Optimism for potential – adaptation and diversification



## 5) Development Management and Decision Making

- Conditioning Class E purposes – not in line with Class E objectives
- Developers not challenging conditions
- But storing up challenges to flexibility for later?

## 6) Education

- ...on the purpose and function of Class E
- Does not require pp; is not PD
- Officers, developers, public
- To improve resource efficiency (and high st outcomes!)



## 7) Data sources

- It's in the detail – Class E purposes; mix of uses within single units; residential conversions
- Alternative sources – VOA
- Information sharing across departments

## 8) Potential for Further Investigation

- Continue to share experiences with DLUHC
- To influence policy and practice
- Challenges always evolving e.g. cost of living / downturn

