

Removing permitted development rights to change of use or to demolish pubs and other drinking establishments

Department for Communities and Local Government

RPC rating: validated

Description of proposal

The measure follows a concession to a non-government amendment to the Neighbourhood Planning Act 2017, calling for greater protection for pubs and for a local decision on the change of use or demolition in all cases. A Government amendment in lieu introduced section 15 of the Act, which placed a duty on the Secretary of State to bring forward an Order removing the permitted development rights (PDR) for change of use and demolition for all drinking establishments, including pubs, in England as soon as reasonably practicable. The resulting secondary legislation came into force on 23 May 2017.

The Department explains that in recent years there has been a reduction in the number of public houses, with the Campaign for Real Ale (CAMRA) reporting approximately 21 pubs closing per week, of which 30% change use. While the majority of pubs which change use do so having been granted planning permission by local planning authority on a planning application, some change of use, for example to retail, or to be demolished, has been under PDR. In such cases, there has been no opportunity for local communities to have a say on the future of their local pub. In addition, there have been calls to provide further support to pubs looking to respond to a changing market by extending PDR to allow them to expand their food offer without the cost and uncertainty of having to apply for planning permission.

Impacts of proposal

The Department explains that there will be increased costs to owners of A4 drinking establishments (except for those that are nominated or listed as an Asset of Community Value (ACV)) that wish to change use to those uses for which they previously had a PDR, or to demolish the building. These owners will need to apply for planning permission to make such changes.

Using data from several sources, including CAMRA, the Department estimates that annually between 50 and 150 pubs would incur the costs of having to submit a

planning application each year. The costs to businesses of preparing and submitting a planning application for a change of use are between £330 and £3,870. Based on the data, the Department provides a central estimate of £1,430 per application. When applied to the range of pubs expected to make an application, the Department provides a central estimate of £145,000 per year. As businesses are already familiar with the planning system they only need to know that the PDR no longer applies for a change of use in this category. It is, therefore, expected that there will be no significant one-off cost of familiarisation. This seems reasonable.

The Department states that, while the removal of PDR could have a negative impact on land values, it does not hold data on the current value of land for drinking establishments and considers it disproportionate to attempt to quantify it. In relation to any level of compensation which may be payable in cases where planning permission is refused by local authorities, the Department argues this would be a case by case matter, and therefore it is unable to prove an estimate.

The measure will provide benefits to businesses wishing to take advantage of the new right to expand their food offer. However, the Department states it is unable to estimate how many establishments may choose to do so and, therefore, are unable to quantify the benefit.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of £0.1 million. This will be a qualifying regulatory provision that will score under the Business Impact Target under the rules applying for the 2015-17 Parliament.

Quality of submission

The IA provides sufficient detail to allow the RPC to validate the measure. The IA would, in relation to being unable to estimate the land value impacts have benefited from more of an explanation of why this is not possible. In addition to this, the IA could have provided a clearer explanation of the counterfactual.

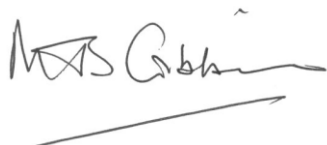
Departmental assessment

Classification	Qualifying regulatory provision (IN)
Equivalent annual net direct cost to business (EANDCB)	£0.1 million
Business net present value	-£1.2 million

Overall net present value	-£1.2 million
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RPC assessment¹

Classification	Qualifying regulatory provision (IN)
EANCB – RPC validated	£0.1 million
Business Impact Target (BIT) Score	£0.5 million



Michael Gibbons CBE, Chairman

¹ For reporting purposes, the RPC validates EANDCB and BIT score figures to the nearest £100,000.