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PLANNING

Planning for Town Centres

Practice guidance on need, impact and the sequential approach



Practice guidance

on need, impact and the sequential approach

December 2009

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In March 2009 the Government announced its intention to integrate and streamline substantive national planning policy on economic development set out in draft PPS4 (sustainable economic development), PPS6 (planning for town centres), PPS7 (as it relates to the rural economy) and PPG5 (Simplified Planning Zones). The draft planning policy statement on *Prosperous Economies* was published for consultation on 5 May 2009.

Practice guidance prepared by GVA Grimley was published alongside the draft PPS as a 'living draft' to invite comments and suggestions/examples of good practice to support delivery of the town centre policies in the draft PPS. This built on stakeholder consultation and input from leading practitioners. The most recent consultation feedback has been taken into account in the finalisation of this good practice guide.

The practice guidance does not constitute a statement of Government policy. It is guidance to help those involved in preparing or reviewing need, impact assessments and sequential site assessments, and to help the interpretation of town centre policies set out in the PPS. The use of examples in this practice guidance which may be taken from development plans prior to their adoption is without prejudice to the Secretary of State's consideration of such a plan or her powers in relation to the determination of planning applications under the relevant statutory provisions.

Communities and Local Government is grateful for the contributions that leading practitioners and key stakeholders have made to inform the preparation of this guide, particularly the sounding board.

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PART 1: Introduction

- 1.1 Planning policy statement 4 on planning for sustainable economic growth sets out, inter alia, the Government's policy for town centres and main 'town centre uses', which include retail, leisure, offices, arts, tourism and cultural activities.

POLICY OBJECTIVES

- 1.2 The Government's over arching objective is sustainable economic growth. To help to achieve this, the Government's objectives for planning are to build prosperous communities; reduce the gap in economic growth rates between regions; deliver more sustainable patterns of development and respond to climate change; and to promote the vitality and viability of town and other centres as important places for communities.
- 1.3 To do this the Government wants, among other things:
- New development of main town centre uses to be focused in existing centres, with the aim of offering a wide range of services to the communities in an attractive and safe environment and remedying deficiencies and provision in areas with poor access to facilities.
 - Competition between retailers and enhanced consumer choice through the provision of innovative and efficient shopping, leisure, tourism and local services in town centres, which allow genuine choice to meet the needs of the entire community (particularly socially excluded groups).
- 1.4 To achieve these objectives, regional planning bodies (RPBs) and local planning authorities (LPAs) should adopt a proactive approach to planning for town centres. This will involve identifying the needs of consumers and the requirements of retailers, leisure operators and others proposing development for main town centre uses. They should ensure that suitable sites are identified to accommodate current and anticipated future needs, adopting a sequential approach to selecting sites including, where appropriate, expansion of existing centres.
- 1.5 Too often, the focus has been on using the previous 'PPS6 tests' as a development control tool. It is right that inappropriate development which is likely to lead to significant adverse impacts should not be permitted, and so the 'sequential approach' and the impact test remain key considerations when assessing new proposals. However, experience suggests that the best approach is for LPAs, in partnership with key stakeholders, to actively promote new development of the right scale, in the right place and at the right time as part of an overall strategy and vision for their town centres.

- 1.6 The Government has made a number of revisions to its town centre policy, including the removal of the requirement for applicants to demonstrate there is 'need' for development proposals that are in edge or out of centre locations and which are not supported by an up to date development plan. However, 'need' remains an important consideration when developing of robust town centre strategies, and to the understanding and application of the sequential approach.

OBJECTIVES OF THE PRACTICE GUIDANCE

- 1.7 This practice guidance is not intended to be prescriptive or stifle innovation. Rather, it explains an approach that LPAs could take to develop town centre strategies and identify appropriate sites; the role and scope of need and impact assessments and the methodologies that may be employed in carrying out such assessments and the key data inputs, and how to use these to help guide and inform policy and decision making.
- 1.8 The main objectives of the practice guidance are:
- To promote the development of positive strategies to underpin the planning and development of town centres.
 - To provide advice on preparing and understanding need and impact assessments to guide the development of effective town centre strategies in plans, and assist in the determination of planning applications.
 - To illustrate how the sequential approach can be applied when allocating sites in plans and assessing planning applications, providing some illustrations of good practice.
 - To encourage a greater degree of consistency and transparency in terms of the approach and key data required to assist those preparing and reviewing need and impact assessments.

USING THE GUIDANCE

- 1.9 The guidance follows a similar structure to PPS4, in order to clearly differentiate between the role of need, impact and sequential site assessment in plan making, and the application of the sequential approach and impact tests in the development management process, although in practice a number of the techniques and approaches outlined apply to both.

- 1.10 The guidance does not seek to repeat policy unnecessarily, but recites the relevant parts of PPS4 which indicate the role of evidence, and the scope and range of issues which assessments are expected to cover in order to comply with its policies.
- 1.11 Section 2 outlines the role of evidence in the plan making process to identify the need for new development and prepare proactive town centre strategies. This identifies the main types of assessment likely to be undertaken at the regional and local level to provide the evidence base to support positive planning.
- 1.12 A key component of any positive strategy is to identify quantitative and qualitative needs for retail and other key town centre uses. Section 3 considers alternative approaches to assessing needs, and is supported by a separate Appendix.
- 1.13 Section 4 covers the development of effective town centre policies and strategies for individual centres.
- 1.14 The best way for local planning authorities to ensure that new development takes place where it is needed and as part of a coherent overall strategy is to make positive provision through the regional spatial strategy (RSS)/local development framework (LDF) process. However, recognising the dynamic nature of the sector and the need to adopt a positive approach to new investment, PPS4 sets out clear policies for determining proposals involving town centre uses where these are not identified through an up to date development plan.
- 1.15 Section 5 summarises the supporting evidence which is needed to support applications involving town centre uses in different locations. This considers the issue of proportionality, and the role for scoping the range of issues to be covered in studies.
- 1.16 Section 6 sets out guidance on how to adopt a sequential approach, drawing on examples of good practice to illustrate what is meant by the guidance in relation to the need for flexibility, and the consideration of suitability, viability and availability of alternative sites.
- 1.17 In Section 7 the guide sets out approaches to assessing impact, against the main considerations identified in PPS4, again supported by a separate Appendix.
- 1.18 Finally, Section 8 sets out practical guidance on the use of planning conditions for proposals involving main town centre uses.

WHO SHOULD READ THE PRACTICE GUIDANCE?

- 1.19 The guidance is intended to help applicants, RPBs and LPAs to develop their evidence base and prepare town centre strategies. It will also assist developers, retailers and other key town centre users preparing applications involving town centre uses, and assist local planning authorities, government offices and planning inspectors when considering these types of applications. It is also intended to support other parties, including local communities and others affected by proposals to “De-Mystify” some of the approaches and terminology used in such applications.
- 1.20 For those involved in preparing RSSs and LDFs, Sections 2, 3 and 4 will be particularly relevant. However, if local authorities are considering allocating sites for new development involving main town centre uses, they should also adopt a sequential approach, and may in some cases be required to consider the impact of such allocations (i.e. Sections 6 & 7).
- 1.21 For applicants, the starting point for any assessment should be the development plan. However, where proposals are not in a town centre, and are not in accordance with an up to date development plan, Sections 5, 6 & 7 set out guidance on the key evidence which will be required to support their application, and provide more detailed guidance on how to adopt a sequential approach and assess the impact of proposals where an assessment is required.

THE STATUS OF THE PRACTICE GUIDANCE

- 1.22 This practice guidance supports the implementation of national policy. However, the guidance does not constitute a statement of government policy, nor does it seek to prescribe a single methodology, or data sources. Alternative approaches may be equally acceptable, provided they are compliant with national policy objectives and clearly justified, transparently presented and robustly evidenced. However, as a guide to interpreting how policy should be applied, this practice guidance may also be material to individual planning decisions.
- 1.23 The practice guidance is supported by a number of technical appendices. It incorporates case studies throughout to illustrate some of the points made, although these are not necessarily the best only examples, and every case should be assessed on its own merits based on local circumstances. A glossary of terms used in the practice guidance is provided in Appendix A, which is intended to supplement the key definitions set out in Annex B of PPS4.

PART 2: Using evidence for positive planning

- 2.1 Policy EC1 of PPS4 highlights the crucial role of an up to date and sound evidence base to plan positively for town centre uses.
- 2.2 At the regional level, the evidence base should assess, inter alia; the overall need for main town centre uses, focusing on comparison retail, leisure and office development for five year periods, having regard to the need for major town centre development of regional or sub regional importance and to the capacity and accessibility of centres. The evidence at the regional level should identify any deficiencies in the network of 'higher order' centres where a need for growth has been established, and identify locations of deprivation to prioritise for remedial action.
- 2.3 At the local level, Policy EC1 advises that the evidence base should be informed by regional assessments, and should assess the detailed need for floorspace for main town centre uses. This includes identifying any deficiencies in the provision of local convenience shopping and other facilities which serve peoples day to day needs. The evidence base should also assess the capacity of existing centres to accommodate new town centre development, taking account of the role of changes in the hierarchy and identifying in centres in decline where change needs to be managed.
- 2.4 When assessing the need for retail and leisure developments, LPAs are advised to:
 - Take account of the quantitative and qualitative need for different types of retail and leisure developments.
 - In deprived areas, which lack access to a range of services and facilities, give additional weight to meeting these qualitative deficiencies.
 - When assessing quantitative need, have regard to relevant market information and economic data.
 - When assessing qualitative need, assess whether there is provision and distribution of shopping and other services which allow genuine choice to meet the needs of the whole community; and take into account the degree to which shops may be overtrading and whether there is a need to increase competition and retail mix.
- 2.5 Policy EC3 deals with planning for centres. This sets out the respective roles of RPBs and LPAs, as part of their economic vision for their area, to set out a strategy for the management and growth centres over the plan period. RPBs should focus on higher level centres and provide a strategic framework for planning centres at local level.

- 2.6 Policy EC3 clearly differentiates between the role of regional/sub-regional assessments, undertaken to address strategic issues, and the more locally based assessments typically undertaken by LPAs to assist in the preparation of their LDF. The policy provides a useful checklist to determine the scope of such assessments, although they should be tailored to the specific circumstances and issues facing the area.
- 2.7 Reflecting the importance attached to developing positive strategies, and promoting choice and competition, Policy EC4 reinforces the government's key policy objectives, and sets out some of the issues which should be taken into account in preparing and evaluating alternative town centre strategies and translating these into their LDF.
- 2.8 A key component of the town centre strategy is the identification of sites to accommodate new development, where needed. This includes opportunities to expand the centre, which may entail expansion of the primary shopping area, as well as opportunities for redevelopment and replacement of outdated facilities. Policy EC5 sets out the approach which LPAs should adopt to identify sites.
- 2.9 The next section of the guidance describes how to assess the need for retail and other town centre uses, which is central to the requirements of Policy EC1, and should underpin the detailed policies of the RSS and LDF addressing the range of issues (where relevant) identified in Policies EC3 and EC4. Practice guidance on the identification of sites in accordance with Policy EC5 is set out in Section 4.

PART 3: Identifying needs

- 3.1 As Policies EC1 and EC3 make clear, an up to date assessment of the need for additional, or replacement floorspace to accommodate key town centre uses is a fundamental component of the evidence base to underpin policy making at the regional and local levels.
- 3.2 Conventionally, the need for town centre uses is considered in terms of ‘quantitative need’ and ‘qualitative need’. Both have a role to play in reaching an overall judgement about the scale and form of development which should be planned for and facilitated through development plans:
- **Quantitative need** is conventionally measured as expenditure capacity, i.e. the balance between the turnover capacity of existing facilities and available expenditure in any given area. Expenditure capacity, or ‘quantitative need’ can arise as a result of forecast expenditure growth (either through population growth or increases in spending), or by identification of an imbalance between the existing facilities and current level of expenditure available in an area.
 - **Qualitative need**, on the other hand, includes more subjective measures. These include, for example, consumer choice, the appropriate distribution of facilities and the needs of those living in deprived areas. ‘Over trading’ is also identified as a measure of qualitative need, although evidence of significant over crowding etc. may also be an indicator of quantitative need.
- 3.3 When assessing town centre needs, ‘quantitative’ and ‘qualitative’ needs are therefore closely related and in the case of non retail needs, (considered later), the focus tends to be on qualitative considerations. In the case of retail needs, reflecting common practice, the approach to assessing each element of need is considered separately. ‘Quantitative’ needs tend to be expressed as ‘additional’ floorspace, although in practice, in order to promote the objectives of an efficient, innovative retail sector, it may be equally or more important in some cases to secure replacement of outdated facilities which would be a ‘qualitative’ need.

QUANTITATIVE RETAIL NEED

- 3.4 A detailed description of the key steps common to most quantitative need assessments is set out in Appendix B. While it is mainly used in respect to retail needs, the general principles can be applied to many types of leisure provision and other ‘town centre’ uses (see later). The five key steps are:
- Definition of the catchment/study area.
 - Assessment of current/future spend.
 - Assess current shopping patterns/market shares.
 - Compare current/forecast turnover with existing floorspace.
 - Identify future expenditure capacity and need for new floorspace.

- 3.5 It is evident from the indicative approach outlined in Appendix B that three key variables, each involving judgements, will influence what if any need is likely to arise over the study period:
- **Apportioning growth.** When assessing future needs, based on forecast spending growth, a judgment is needed as to what (if any) proportion of forecast spending growth (after deductions likely to be accounted for by special forms of trading) is likely to be available to support more floorspace, and how much can or should be safeguarded to enable existing floorspace to increase sales per sqm. This may have a bearing on the potential to refurbish and replace existing stock as an alternative to new development.
 - **Existing 'baseline' performance.** A judgment must be reached based on the current balance between the turnover of existing facilities and their floorspace (i.e. in retail terms, their turnover per sqm) to determine whether (at current sales) there is any need for more floorspace. In practice at the base year existing facilities may be underperforming or trading at high levels suggesting an existing surplus, which has a key bearing on whether any further need arises.
 - **Changes to market share.** In the case of any centre, when considering alternative strategies it may be relevant to examine the implications of a declining market share, or to test the potential to increase market share. Forecasts are often based on the assumption that all centres simply retain their current market share, to preserve the 'status quo', but if a new development secures an increased share of available spend, in theory more floorspace would be supportable.
- 3.6 Where there are significant development opportunities identified, there may be scope to increase the market share of an existing centre, or to plan for new/expanded centres in order to recapture a higher proportion of current/future spending generated in an area. This may apply in circumstances where there are major new residential developments planned, and/or existing under-served markets, or where a particular centre has potential to expand to enhance its role within the wider hierarchy. This may be justifiable in order to deliver a more sustainable network of 'higher order' centres, and 'claw-back' arguments are frequently used to underpin strategies for different centres/areas.
- 3.7 However, in developing the appropriate approach a number of factors need to be borne in mind:
- There is a substantial body of research to suggest that the UK has seen a polarisation of activity to fewer, larger centres, which the 'status quo' approach may perpetuate. It may be more appropriate in some cases to seek to redirect growth to smaller centres (where they have the capacity/demand) to achieve a more sustainable network of centres to serve local needs. However, this depends on the availability of suitable opportunities in such centres.

- Infrastructure capacity and the availability of central sites will determine the extent to which different centres are capable of accommodating future retail and other main town centre uses. This may suggest that a more sustainable alternative is to elevate the role of an existing centre within the network or hierarchy to accommodate growth where a suitable central opportunity exists.
 - The maintenance of current market shares may perpetuate deficiencies in the retail network, particularly in underserved markets. A low market share (or expressed differently, a significant expenditure 'leakage') may be indicative of a need for more or better shopping provision. An appropriate retail strategy may be to seek to enhance the market share of some centres, and to relieve pressure on others where there are limited opportunities for further development. This illustrates the importance of qualitative factors (see later).
 - Existing out of centre developments may account for a significant share of available expenditure, but it would not necessarily be appropriate to plan for further growth at existing successful out of centre locations where these locations do not meet other key policy objectives e.g. accessibility etc. In these circumstances, it may be appropriate to proactively plan to reinforce the offer of other existing centres in order to 'recapture' market share from less sustainable retail locations.
 - There may be circumstances where it is appropriate to plan for a new town, district or local centre; for example where new housing development is planned, where it will be necessary to judge the scale of new developments appropriate and level of market share it would be expected to capture. An approach based on constant market shares would simply assume that this additional demand would be met by the existing network of centres and facilities, which may be less sustainable.
- 3.8 What these points illustrate is that while it may be appropriate to factor in changes to market shares when judging future needs, to achieve potential benefits, the impact of such changes (both positive and negative) needs to be considered carefully.
- 3.9 A similar approach could be applied at the local level, for example, to evaluate the implications of defining a new district centre or of focusing growth in a key town centre. At the more local level, it will be necessary to look in more detail at local shopping patterns as well as forecasting spending growth over shorter periods, together with considering carefully the phasing of planned housing growth.

Case Study: RSS1 Phase 1 Review of Black Country Strategic Centres

Assessing Shopping Needs at the RSS Level

Following the unplanned evolution of Merry Hill as an out of town regional shopping centre during the 1980s, it became apparent that as the centre continued to evolve it was supplanting the role of Dudley as a strategic town centre within the sub-regional hierarchy. Proposals to extend the shopping centre were considered at a planning inquiry in the mid 90s and rejected on the basis that any new development of the centre should be considered as part of a review of its role, through the regional spatial strategy.

This issue, and the wider role of the other strategic Black Country Centres; Walsall, West Bromwich and Wolverhampton, was considered in detail in a study of the Black Country Strategic Centres which informed a review of the regional spatial strategy. The study identified global forecasts of comparison retail and other key town centre needs over the period up to 2021 and beyond, and evaluated alternative options for accommodating development within the strategic and other centres. This study set out the evidence base to inform the RSS strategy to develop a polycentric network of four strategic centres, including the designation of Brierley Hill (formerly Merry Hill) as a new strategic centre. This issue was discussed at an examination in public and is now incorporated into the RSS.

Subsequently, a Phase II review of the West Midlands RSS has included updated capacity projections for higher order comparison floorspace needs in the defined strategic centres, and an additional updated needs assessment has been undertaken jointly by the four Black Country Authorities, building on the strategic 'Black Country Centres' Study to set out the evidence base for developing detailed town centre strategies and policies for the other i.e. non strategic town centres in a joint core strategy and individual AAPs.

QUALITATIVE RETAIL NEED

- 3.10 Qualitative need is a more subjective concept. Five factors are frequently identified, although others may be relevant.
- Deficiencies or 'gaps' in existing provision
 - Consumer choice and competition
 - Overtrading, congestion and overcrowding of existing stores
 - Location specific needs such as deprived areas and underserved markets, and
 - The quality of existing provision

(a) Deficiencies or 'gaps' in existing provision

- 3.11 This involves identifying the existing pattern of retail provision, taking account of retail catchments and levels of accessibility so as to identify 'gaps' in the network of centres or the provision of different types of facilities (e.g. local shops, food superstores, department stores or other key shopping facilities). A good example is in London, where this type of analysis was used to identify 'gaps' in the network of metropolitan centres.
- 3.12 This type of exercise can form an important component of a needs assessment, particularly for establishing standards of accessibility to different types of key facility. For example, it can be useful in identifying deficiencies in local food shopping or other local facilities e.g. post offices etc. However, it is of limited value when considered in isolation, as it takes no account of demand or expenditure capacity. The realism and impact of achieving predetermined standards of provision also needs to be considered.

Case study: London metropolitan centres – gap analysis

The plan below illustrates the primary and secondary retail catchment areas of defined metropolitan centres as originally identified in the London Plan, based on household survey data. This graphically illustrates the extensive catchments of Bromley, Croydon and Kingston, and the much more narrowly defined catchments of centres like Ealing and Wood Green. It is evident that Brent Cross, in Northwest London, is strategically located within a gap in the existing network, which reinforces the case for the centre becoming a new metropolitan centre.

Similarly, in East London the relatively limited catchment of Ilford and the strategic gap in the catchment of defined metropolitan centres supports the development of Stratford into a new metropolitan centre. This type of analysis can be undertaken at various levels, for example to identify the catchment areas of market towns or district centres, or even local convenience stores, to highlight areas which are relatively poorly served.

(b) Consumer choice and competition

- 3.13 The Government is strongly committed to promoting consumer choice and competition as part of its approach to town centre development. Competition between firms increases choice for consumers, and can result in productivity and efficiency gains, which in turn lowers the price of goods and services. Competition for consumer expenditure and investment between centres (and between centres and out-of-centre retail development) is a key challenge when planning for new development in town centres and making strategic choices about where to allocate new floorspace.

- 3.14 Healthy town centres need to have a ‘critical mass’ and diversity of retail development to attract consumers on a regular basis throughout the year. To remain competitive, they need a good mix of different types of multiple and independent retailers. This can include specialist shops and niche retailers, providing quality retail space that offers sufficient product ranges to meet the requirements of the local catchment. This core retail offer may be reinforced by a range of tourism, leisure and cultural activities.
- 3.15 LPAs can use their LDFs to support the diversification of town centres by providing more choice and competition. However, there are three important considerations:
- Whilst planning can secure specific sizes of unit or types of use, it cannot be used to give preference to one retailer over another. Similarly, it should not be used to restrict competition or preserve existing commercial interests. This includes restricting occupancy of premises to specific retailers; restricting the rent of premises; controlling the price of goods sold or the change of use from one type of shop to another within the same use class.
 - The positive effects of providing more choice and competition should always be balanced against any adverse impacts. For example, where a development is on the edge or out-of-centre, care needs to be taken not to promote new or improved facilities simply on the basis of fostering choice or competition where there is insufficient quantitative need and the development may undermine investment or harm the vitality and viability of a nearby town centre.
 - Conversely, there may be circumstances where a lack of quantitative need may be offset by choice and competition considerations. For example, a development on the edge of an existing centre may provide additional choice and competition, be consistent with sustaining and enhancing the vitality and viability of the centre, and be supported by a robust impact assessment which shows a diversion of expenditure from less accessible out-of-centre locations to a more accessible edge-of-centre location. This is exemplified by the Beverley case study.

Case study: Beverley – Cattle Market site – promoting choice and competition

In Beverley, the principal town of East Yorkshire, a new 3,000 sqm Tesco superstore with shoppers' car park was built in 2002 on the site of the old cattle market, a well-integrated edge-of-centre site. The town centre had an out-dated Safeway foodstore, and a large Morrisons at an out-of-centre location was causing significant leakage of convenience expenditure from the town centre. Qualitative need was demonstrated on the basis that there was already a strong out-of-centre foodstore provision and that a more centrally located option would reduce the need to travel and provide more choice in the town centre.

Following the store opening the Council commissioned the Beverley Retail Study in 2003 to assess the positive and negative impacts of the new store and the health of the town centre. The study found that the new store had made a positive contribution to the health of the town centre, increasing the attraction of Beverley as a place to shop and reducing the leakage of trade out of the town centre.

This is an example of a successfully well-integrated edge-of-centre development (aided by the use of the store car park for town centre shopping), located within walking distance of the town centre that has encouraged linked-trips to other shops and services, increasing choice and competition in the town centre.



(c) 'Overtrading' congestion and overcrowding of existing stores

- 3.16 The extent to which the turnover of existing stores significantly exceeds benchmark turnovers may be a qualitative indicator of need, and can in some cases inform quantitative need considerations. For example it may be an expression of the poor range of existing facilities or limited choice of stores and a lack of new floorspace within a locality.
- 3.17 Overtrading is often regarded as an indicator of qualitative need as it is demonstrated by overcrowding/congestion. However, as the Kidlington case involving an extension to an overtrading Sainsbury's store established, it is also an indicator of quantitative need. The case established that overcrowding/congestion indicates the existing provision is unable to cope adequately with consumer demand. In other words 'overtrading' occurs when there is an imbalance between demand (i.e. available spend) and supply (i.e. existing floorspace capacity).

Case study: Kidlington – Issues of overtrading

The concept of overtrading has been the subject of significant debate, and was a key issue in the proposal to extend a busy out of centre Sainsbury Superstore on the edge of Kidlington in Oxfordshire. At the planning inquiry, it was agreed that the store was trading significantly above the company average, and was experiencing congestion and overcrowding, both of which were felt to be indicators of overtrading.

After a series of legal challenges, it was agreed that overtrading can be a measure of both qualitative need, and quantitative in as far as it can be an indication of an imbalance between demand and supply of floorspace in an area. However, the term overtrading is still frequently misunderstood, and where existing services are claimed to be overtrading this should be backed up by corroborating evidence such as overcrowding and congestion rather than simply by comparison with a retailer's company average turnover.

(d) Location specific needs-deprived area considerations

- 3.18 National policy encourages local planning authorities to promote social inclusion and address deficiencies in the existing network of centres, and areas with poor access to local shops and services while key deprivation indicators in the catchment area the proposal is intended to serve, including unemployment levels, mobility and incomes, are not necessarily in themselves indicators of retail need. However, when considered together with other indicators, such as a limited choice of facilities, these may reinforce need for improved facilities in the area. Particular attention should be given to this measure where proposals are likely to bring significant improvements to the range, choice and quality of everyday shopping to serve the needs of those living in deprived areas. The Indices of Multiple Deprivation provide a useful measure of deprivation.

Case study: Retail-led regeneration

BITC and BCSC have recently published research into *Retail-led regeneration: Why it matters to our communities* which provides a useful examination of the role of retailing in revitalising communities. The research is based upon five case studies which indicate that retailing is improving communities with the following main impacts:

Accessibility to jobs and training for local people	Living in neighbourhoods	Better quality of life
Improved pride of place	Accessibility	Connectivity
Better integration and cohesion	Cleaner and safer environment	Opportunity for/supporting SMEs and local business

In measuring impact each of the case studies examines three key areas: economy, people, and place and infrastructure. Each includes different measures as follows:

Economy

- Employment – Number of new jobs created, proportion from local area.
- Skills – Training and work experience schemes offered.
- Visitor spend – Extent to which development will reduce trade leakage
- Opportunities for supporting local businesses – Scope for securing commercial opportunities for local businesses.
- Inward investment – Extent to which additional new development will be encouraged.

People

- Quality of life – Type of retailers to be introduced to an area, range of uses to be provided, employee initiatives such as job aftercare service, child care provision.
- Community – Range of initiatives engaging the community in the new development, investment in community projects, healthcare improvements.
- Living in neighbourhoods – Extent to which new development will encourage population growth.
- Young people – Activities offered for young people.

Place and infrastructure

- Environment, cleanliness and safety – Extent to which new development involves re-use of derelict land, recycling, innovative design, improvements to public realm.
- Accessibility – Amount of new infrastructure provided by new development.
- Connectivity – Linkages and integration with existing facilities.
- Pride of place – Introduction of crime partnership, CCTV.
- Public image – Improvement in the public perception.

Full details of the research can be found at http://www.bitc.org.uk/media_centre/news/retailed.html

(e) The quality of existing provision

- 3.19 While the quality of existing provision is highly subjective, and may include management issues which are outside the scope of planning, the age, condition and layout of existing facilities are relevant considerations. This may include assessing whether existing facilities meet operators' requirements or consumer expectations. For example, modern retailers often require longer units, with good servicing and regular, efficient trading floors. Where the quality of existing provision does not match occupier requirements, this will usually be corroborated by indicators, such as high levels of vacancy and significant 'leakage' of trade to other (more distant) centres.
- 3.20 There has tended to be a preoccupation with quantitative forecasts of need for additional floorspace, based on expenditure growth. In practice, the evidence suggests that even during the recent years of sustained spending growth, there has been a contraction of retail floorspace and shop numbers in many centres. Retail activity, in particular, has continued to shift towards new efficient floorspace, both out of town and in town, which is capable of meeting modern retailer requirements. In these circumstances, even if there is limited quantitative need for additional floorspace, it is important that town centres continue to provide modern, quality retail and other facilities in order to remain competitive, innovative and efficient.

OTHER TOWN CENTRE USES

- 3.21 National policy recognises the contribution which other (non-retail) main town centre uses make to vital and viable centres, and local authorities are urged to adopt positive strategies to promote commercial leisure and other main town centre uses within their existing centres. Many of the quantitative and qualitative considerations outlined above can be applied to assessing the potential for promoting leisure and entertainment, offices and arts, culture and tourism.
- 3.22 The requirement for new hotels, bars/restaurants, cinemas, bowling alleys, commercial health and fitness clubs and casinos all relate to the level of available spending/demand, and include both quantitative and qualitative considerations. The scope to support existing and new development of these types of uses is ultimately governed by available expenditure and consumer demand. Local planning authorities should consider the scale of new development likely to be supportable and the most appropriate location, and wherever possible proactively plan to accommodate new development.

- 3.23 Appendix C sets out in more detail some of the considerations which apply when assessing the scale and form of new leisure and other main town centre uses likely to be supportable, to assist in the preparation of positive planning strategies. In addition to considering quantitative measures, local planning authorities should also consider the quality of facilities currently available, and new trends and market opportunities to provide for more choice, quality and accessibility.
- 3.24 Residential uses and commercial offices can also both perform an important role in maintaining and enhancing the vitality and viability of town centres, and should be considered as part of a proactive planning approach for town centres. Encouraging people to live and work in existing centres reinforces local demand and provide additional vitality during the day and in the evening. However, local planning authorities need to recognise and balance the scale and nature of demand for residential and office uses within existing town and city centres, and the requirements for other land uses. There is existing national guidance in respect to assessing the availability of sites for housing and economic development purposes.

PART 4: Developing town centre strategies

- 4.1 There are many examples of the benefits which positive planning for retail led and other mixed use developments in town centres have delivered. A common feature of most of these projects is that they have formed part of an overall strategy, promoted through the planning process and other parallel initiatives. In most cases, they have been promoted by a public/private partnership and have involved the development of a supportive planning framework, and proactive measures to secure developer interest and assemble the site.
- 4.2 Not all of the successful town centre regeneration projects have been retail led, or involved significant new development. Experience suggests a range of measures, including active management and promotion, public realm improvements, and access and public transport improvements and other measures promoted through partnerships and in some cases business improvement districts can all play a key role. Bodies such as the Association for Town Centre Management (ATCM) have produced extensive work in this field. London First recently produced good practice guidance on securing diversification in London's centres.
- 4.3 Guidance on the preparation of effective town centre strategies is beyond the scope of this practice guidance. Existing good practice guidance such as *Vital and Viable Town Centres – Meeting the Challenge* provides a good starting point. The research programme of bodies such as Business in the Community (BiTC) and the British Council for Shopping Centres (BCSC) provide good practice on retail led town centre regeneration.
- 4.4 This section of the practice guidance explains how LPAs and key stakeholders can plan positively and promote new retail-led and other town centres uses through their LDFs. Building on the assessment of needs, outlined in the last section, it sets out the 'tools' needed to prepare effective town centre strategies, including how to identify appropriate locations, and how to assess the effects of alternative policy options and specific proposals. Exeter provides a good example of the benefits of adopting a clear strategy, to facilitate new development.

Case study: Princesshay, Exeter – Positive planning for town centre development

Exeter City Council had long-term aspirations for the redevelopment of the Princesshay area of the city. This was taken forward through the development plan which stipulated that Princesshay was to be redeveloped for mixed-use. When Land Securities demonstrated their intention to press ahead with a scheme the project proceeded along a development partnership approach with frequent and regular meetings between the council and Land Securities' design team. These meetings sought input from the consultation bodies such as English Heritage.

Firm redevelopment principles were set out including enhancing Exeter's unique and historic character, commitment to encouraging high quality architecture, promoting a fully pedestrian environment, and achieving satisfactory access for all transport modes. This approach ensured the scheme was policy compliant and designed to meet the council's vision for the development of the area.

The scheme opened for trading in September 2007 and was 95 per cent let. It is a sophisticated scheme built within the established grain of the city. Debenhams anchors the southern end of the scheme while a cluster of established fashion retailers with large floorplates combine to anchor the northern end. The scheme included 14 retail units set aside for independent retailers, for which there was much competition. The scheme has won several awards, including awards from the RTPI and BCSC.



DEVELOPING AN APPROPRIATE STRATEGY

- 4.5 To be appropriate and deliverable, the strategy needs to be based on sound evidence, which demonstrates an understanding of the existing situation, and the potential and opportunities for change. Building on the assessment of need for retail and other key town centre uses, four common steps can be identified:
- An audit of existing centres, to identify their current role, their vitality and viability, and their potential to accommodate new development and/or change, having regard to identified needs.
 - Consideration of alternative centres and/or sites and development opportunities to accommodate new development (in existing centres or in new/expanded centres) and to consider the potential roles of different centres.

- Based on the above, an evaluation of alternative policy options to accommodate growth and/or plan for change.
- Developing the strategy and policy formulation through the RSS/LDF in accordance with the principles set out in PPS12.

AUDIT OF EXISTING CENTRES

- 4.6 It is a prerequisite for any town centre strategy to have a clear understanding of the scale and quality of existing provision of retail and other key town centres uses; the network and role of different centres; and their vitality and viability and how it has changed over time. National policy sets out how town centre ‘health checks’ can be used to measure vitality and viability. Linked to this, *Vital and Viable Town Centres; Meeting the Challenge* (DoE 1994) provides useful additional guidance for assessing the role and potential of centres. Other useful sources include *Looking after our town centres* (DCLG) and *Vitality and Viability: The Role of the Healthchecks* (NRPF).
- 4.7 One of the key objectives of regular monitoring and town centre health checks (in addition to providing important baseline data for retail/town centre assessments) is to consider a centre’s performance over time. It will also be relevant to consider how the centre has performed relative to national trends, and to similar sized centres elsewhere. This type of analysis provides an important insight into whether the centre is improving, stable or declining, and will have a bearing when considering the potential/need for new development and the likely impact of new developments.
- 4.8 Retailing and leisure are particularly dynamic sectors, and a range of factors, including economic and social trends and new technology can have a significant impact on the current and future role of existing centres and the scope for new ones. These factors need to be taken into account when considering future needs, identifying sites and strategies, and assessing the impact of new development. However, it is also relevant to consider long term trends and to provide robust, policies to provide investor confidence and certainty given the complexity and scale of many town centre development projects.

ALLOCATING SITES TO ACCOMMODATE TOWN CENTRE NEEDS

- 4.9 A key component of a proactive approach to meeting town centre needs is the identification of appropriate sites together with policies to bring forward new development. Where local authorities have identified quantitative and/or qualitative needs for retail and other main town centre uses, they should actively examine existing and potential sites within centres, or on the edge of defined town centres. Also, they should consider the scope to expand existing centres and promote new ones.

- 4.10 Complex town centre sites can take 10-15 years to bring forward or even longer in some cases. Local planning authorities should identify sites that are (or are likely to become) available by adopting proactive approaches, which may involve examining where existing town centre developments are under-used or approaching the end of their economic life. Older premises are often unsuited to modern retailing requirements. This may be apparent from high vacancy levels, and evidence that centres are failing to maintain their market share relative to competing destinations.
- 4.11 A good example is Festival Place in Basingstoke, where the former New Market Square area was redeveloped as part of a seamless extension to the Walks Shopping Centre. More examples, and further detailed guidance is set out in Section 6.

Case study: Festival Place, Basingstoke

In the early 1990s Basingstoke and Dean Borough Council commissioned a retail study which identified scope for new development, and highlighted the 'New Market Square' area of the town centre as a potential opportunity to meet the need for additional better quality comparison shopping and leisure facilities. New Market Square was an outdated open precinct, originally developed in the 1970s and was characterised by poor quality, under used buildings and high levels of vacancy.

Following a development competition, the council appointed the Grosvenor Estate as its development partner to redevelop the New Market Square area, and Grosvenor subsequently acquired the adjoining Walks Shopping Centre in order to develop a seamlessly integrated extension to the centre, attracting new anchor retailers and leisure facilities which have transformed the performance of Basingstoke Town Centre, attracted new retailers and recaptured trade which was leaking from Basingstoke's core catchment to competing centres.



IDENTIFY AND EVALUATE ALTERNATIVE TOWN CENTRE POLICY OPTIONS

- 4.12 Having identified the expenditure capacity/demand which exists within the area or centre in question, considered qualitative needs, and reviewed current and potential sites, the next critical stage of preparing an effective town centre strategy is to identify the policy options for development. This will involve identifying different

centre's strengths/weaknesses, opportunities and threats. The outcome of this exercise will be to identify what scale and form of development is likely to be supportable in different locations, including the scope to enhance the role of existing centres, to expand or create new centres, and where appropriate, to plan for diversification and manage decline.

- 4.13 A key element of developing and evaluating policy options is to understand the implications of alternative policy choices. For example, where potential exists to expand the role of a particular centre, and to seek to increase its market share and reduce 'leakage' of expenditure, it will be necessary to understand the implications for neighbouring centres in terms of their current or potential role. If there is insufficient expenditure capacity or demand to support development of all the identified opportunities, it may be necessary to review the pros and cons of each option, and to weigh their relative merits in reaching a decision. This may involve choices between the development of one opportunity or another, or may lead to a strategy to phase new development, and to identify priorities.
- 4.14 In every case, it is essential that in reviewing alternative options, careful regard is had to their suitability, viability and deliverability. This will normally involve early engagement with retailers and other key town centre occupiers, developers, investors and other key stakeholders. Experience suggests that the most effective town centres strategies are able to harness the value created by main town centre uses, in particular retail, to deliver a wider range of regeneration benefits including improvements to accessibility, public realm and the ongoing management and promotion of the centre.
- 4.15 At the policy formulation stage, it may be useful when evaluating options to prepare a matrix, as a means of 'scoring' alternative options against national, regional and local policy objectives and priorities. For example, having identified a 'need' for new development in its area, a local planning authority may wish to evaluate how best to plan to accommodate this need within a network of centres. In this example a simple matrix may be useful to assess different options having regard to, for example:
- Which option secures the maximum investment within existing centres, and the wider socio-economic benefits of different options.
 - What distribution of new development is likely to contribute to an effective network and hierarchy of centres, and promote sustainable shopping patterns.
 - Which centres(s) are most likely to be able to accommodate new development in sequentially preferable locations, and are likely to be most accessible to their current/potential catchments.
 - Which options are likely to be most consistent with sustaining and enhancing the vitality and viability of different centres.

- 4.16 At the sub-regional level, the matrix approach was used as part of the West Midlands RSS Phase 1 review to develop a number of alternative strategic policy options for a network of strategic centres. This involved exploring the pro's and cons of maintaining the status quo in terms of the existing network, or seeking to concentrate development in a number of identified strategic centres. At this level, relevant considerations which might be taken into account in this type of impact evaluation include:
- The extent to which alternative policy options are able to accommodate identified needs and maximise the scale of new investment within the sub-region.
 - The consequences of concentrating development in a number of centres in terms of impact upon other smaller centres within the network.
 - The range, choice and quality of provision likely to be secured by focusing new development into a limited number of key strategic centres, compared with the benefit of focusing growth in a larger number of smaller centres.
 - The overall effects upon the economic and physical regeneration of the sub-region and scale of new development and investment likely to be secured by alternative options.
 - The overall effect on travel patterns and the extent to which new development would be genuinely accessible to the catchment by alternative means of transport.
- 4.17 A similar impact evaluation approach could be applied to LDF preparation to provide a more detailed framework for assessing alternative policy options, where appropriate. At this level, it may be appropriate to consider specific allocations and to measure the effects (both positive and negative) of planning to accommodate identified needs in different locations. The designation of Sport City in Manchester, as a new district centre serving an area of high social economic deprivation provides a good example of using retail demand as a catalyst to meet wider policy objectives.
- 4.18 In evaluating alternative options, RPBs and LPAs will need to reach their own judgements as to the weight to be attached to national policy objectives reflecting their own local circumstances. For example, it may be relevant to attach significant weight to the benefits of new development in respect to deprived areas and their contribution to social inclusion and employment, which could outweigh minor impacts on the vitality and viability of a nearby centre. Whatever approach is taken, authorities will need to be transparent as to how they reached their judgements in terms of the weighting to be applied.

DEVELOPING AND IMPLEMENTING THE STRATEGY

- 4.19 Having identified and evaluated the various policy options, RPBs and LPAs should develop a clear vision and strategy for the network of centres, and strategies for individual centres. At the regional/sub-regional level this may take the form of a high level policy overview, defining an appropriate hierarchy of centres and setting broad guidelines as to the scale of the floorspace likely to be required.
- 4.20 In terms of the LDF, and in particular the core strategy and area action plans, the strategy needs to provide a very clear policy framework to support and actively promote new development. This is likely to include:
- Clear guidance on the scale and form of new retail, leisure and other development involving main town centre uses which is likely to be appropriate in the centre and/or site in question.
 - Allocation of sufficient sites to meet identified need for at least the first five years of an LDF from its adoption.
 - Identification of the extent of any key development opportunities, including key highway and access arrangements and measures to secure effective integration.
 - A clear statement of the approach to be taken to bringing forward the development, including proposed phasing arrangements and site assembly e.g. compulsory purchase orders (CPO).
 - The local authority's attitude to other competing developments, including, for example, the approach to 'piecemeal' proposals within key development sites, and competing proposals in other locations.
- 4.21 There are numerous examples of successful strategies where local authorities, in partnership with developers, have actively promoted major new mixed use developments through the planning process, supported by the use of CPO powers. In addition to Basingstoke and Exeter, Cabot Circus (Bristol) and High Cross (Leicester) are both award winning exemplar schemes. Liverpool ONE is also a strong example of a successfully planned and implemented strategy for a declining city centre.

Case Study: Liverpool ONE

Liverpool City Centre had experienced a protracted period of decline during the 1980s and 90s which prompted the City Council to commission a study in early 1999 to assess the scale of new development needed, to identify the appropriate location to accommodate new development, and to deliver a clear planning and implementation strategy to bring forward development to reverse the decline of the city centre.

The study identified the need for a significant scale of new development, and evaluated a range of alternative options including a number of then current proposals for edge of centre development. The study concluded that in order to meet the identified needs within the city centre, it would be necessary to extend the main retail area, and identified a site known as the Paradise Street Area which was actively promoted through a planning framework which subsequently fed into a series of urban development plan (UDP) modifications to bring forward a clear policy basis to support a planning application and Compulsory Purchase Order following the council's appointment of Grosvenor as its development partner.

The award winning Liverpool ONE scheme opened at the end of 2008 and provides an exemplar of seamless extension to the previously tightly defined primary shopping area of Liverpool, linking the retail core to the Albert Dock. The scheme includes retail, cinemas, hotel, offices, cultural facilities and a major new urban park, built over a car park, and has transformed the performance of the centre and formed a catalyst for regeneration of adjoining areas.



- 4.22 Strategies for individual centres can be prepared at any time but they should be incorporated into the LDF at the earliest opportunity. This is likely to be important where key site allocations are involved, either through strategic allocations in the core strategy, or through sites allocated in an area action plan or other document. Promoting town centre strategies through the LDF process ensures that the evidence base which underpins the strategy will be properly tested. A strategy which has been progressed through the LDF process, and been subject to effective public and stakeholder consultation and tested through independent examination will carry the weight accorded by S 38(6) of the 2004 Planning Act. In this situation, proposals must be determined in accordance with the plan unless material considerations indicate otherwise.

- 4.23 As such, the strategy will provide a much sounder basis for potential occupiers, developers and investors to make decisions and develop long term plans for the centre. However, the absence of an up to date strategy is not a reason to delay approving applications for appropriate forms of development, in the right locations, and which meet national policy objectives. In these circumstances, proposals involving new town centre uses should be encouraged and supported where they comply with the sequential approach and do not give rise to unacceptable impacts.

MONITORING

- 4.24 PPS4 highlights the importance of monitoring. Policy EC9 advises RPBs and LPAs to use their annual monitoring reports to include consideration of the network and hierarchy of centres, the need for further development and the vitality and viability of centres. Regular health checks of centres provides one means of forming judgements about the impact of policies and developments.
- 4.25 Quantitative need assessments should ideally be updated every five years, to take into account changing economic circumstances. However, it is important that these assessments are not used over prescriptively and, taking together with qualitative judgements, they should be used to inform long term decisions. In reality major new development projects in town centres such as Liverpool ONE take many years to reach fruition. They are not based on five or even 10 years growth projections, but once in a generation opportunities for the centres in question. Accordingly, the planning case for such developments is unlikely to be affected by short term fluctuations in growth rates etc.
- 4.26 The use of regular health checks provides a means of monitoring changes over time, and provides the local planning authority with a good understanding of the resilience of its centres to change, and to gauge the significance of the impact of new developments. Regular health checks can also help to inform decisions about the extent of the primary shopping and primary/secondary frontages area, for example recognising where the role and function of different parts of the centre have changed over time.

PART 5: Supporting evidence in development management

- 5.1 PPS4 says that local planning authorities should adopt a positive and constructive approach towards planning applications, and applications that secure sustainable economic growth should be treated favourably. The guidance identifies a number of considerations which will apply to all applications for economic development including, inter alia; their effect on carbon dioxide emissions and climate change; accessibility; whether the proposal secures a high quality and inclusive design, the impact on economic and physical regeneration of the area; and impact on local employment.
- 5.2 This guidance focuses specifically on the additional supporting evidence which will be required for planning applications involving town centre uses. This is set out in policies EC14 (Supporting evidence for planning applications for town centre uses), EC15 (The consideration of sequential site assessments) and EC16 (The consideration of impact for applications that are not in centre and not in accordance with an up to date development plan).

THE KEY POLICY REQUIREMENTS

- 5.3 The policy requirements for supporting evidence to accompany applications for proposals involving main town centre uses of different scales and in different location are set out in Policy EC14.

THE SEQUENTIAL APPROACH

- 5.4 Where a sequential site assessment is required by Policy EC14, the policy requirements for that assessment are set out in Policy EC15. The same general principles will apply if local planning authorities are proposing to allocate sites for main town centre uses which are not in an existing centre. Detailed guidance on the application of the sequential approach as required by Policy EC15 is set out in Section 6.
- 5.5 It is evident that significant weight is attached to the outcome of the sequential site assessment and impact assessment. However, it is still for the decision maker to judge the extent to which the applicant has demonstrated compliance with the sequential approach, and what constitutes a 'significant' adverse impact, based on the circumstances of each case.
- 5.6 The sequential approach forms a key policy consideration, and can in itself be a clear reason for refusal. As such it is critical that applicants carry out a thorough assessment to explore alternative options, and that if more central opportunities are rejected, it is for sound reasons which are clearly explained and justified. As the onus rests on the applicant to demonstrate compliance with sequential approach,

failure to undertake such an assessment would constitute a reason for refusal, although as a matter of good practice applicants and the LPA should seek to agree the scope of such assessments and clearly identify any areas of difference.

- 5.7 If the LPA proposes to refuse an application involving town centre uses on the basis of the sequential approach, it should be on the basis that it considers there is, or maybe, a reasonable prospect of a sequentially preferable opportunity coming forward which is likely to be capable of meeting the same requirements as the application is intended to meet. More details on the application of the sequential approach are set out in Section 6.

THE IMPACT TEST

- 5.8 In the circumstances described in Policy EC14 where an impact assessment is required, the key policy test is set out in Policy EC16. Practical guidance on preparing and reviewing impact assessments to address these 'town centre' impacts is set out in Section 7.
- 5.9 Policy EC17 sets out the Government's policy position on how planning applications for town centre uses which are not in an existing centre which are not in accordance with an up to date development plan should be determined having regard to the results of these assessments.
- 5.10 Under Policy EC17, it will be expected that the LPA will refuse planning permission where there is clear evidence of a significant adverse impact against one of the impacts identified in EC10.1 or EC16.1. In assessing whether an impact is significant, it should be remembered that any new development involving town centre uses will lead to an impact on existing facilities, and as new development takes place in one town centre this will enhance its competitive position relative to other centres. This is a consequence of providing for efficient modern retailing and other key town centre uses, and promoting choice, competition and innovation.
- 5.11 Where the evidence shows there is no significant adverse impact it will be necessary to balance the positive and negative effects of proposals against the criteria and policies EC10 and EC16, together with any other local considerations and other wider material considerations in reaching an overall planning judgement. In such cases it may be appropriate to devise a matrix as a means of evaluating different impacts against national and local policy objectives and priorities. Further guidance on the preparation of impact assessments is set out in Section 7.

PART 6: Sequential site assessments

- 6.1 A key part of positive planning is to identify those sites likely to be most appropriate to meet any identified need. Adopting a sequential approach to selecting sites means wherever possible seeking to focus new development within, or failing that on well located sites on the edge of existing defined centres. Only if town centre or edge of centre sites are not available will out of centre locations be likely to be appropriate in policy terms, provided that they are well served by alternative means of transport, and are acceptable in all other respects including impact.
- 6.2 The sequential approach is intended to achieve two important policy objectives:
- **First**, the assumption underpinning the policy is that town centre sites (or failing that well connected edge of centre sites) are **likely to be the most readily accessible locations** by alternative means of transport and will be centrally placed to the catchments established centres serve, thereby **reducing the need to travel**.
 - The **second**, related objective is to seek to accommodate main town centre uses in locations where customers are able to undertake linked trips in order to provide for improved consumer choice and competition. In this way, the benefits of the new development **will serve to reinforce the vitality and viability of the existing centre**.

DEFINITIONS

- 6.3 Definitions are included in Annex B of PPS4. The key definitions are ‘in centre’, ‘edge of centre’ and ‘out of centre’. For the purposes of:
- i) In centre*
- 6.4 The ‘centre’ for retail development is defined by PPS4 as the primary shopping area (PSA). Key considerations will be the extent of existing primary frontages, as defined by prime rental levels, and/or pedestrian flows. The presence of key anchor stores and other main town centre uses (e.g. cinemas) may also help to identify the extent of the PSA. Where specific proposals are identified, for example extensions to existing town centre shopping schemes, it may be appropriate to define these areas as planned extensions to the PSA.
- ii) Edge of centre*
- 6.5 For retail purposes, this is a location that is well connected to, and within easy walking distance (i.e. up to 300 metres) of the PSA. For all other main town centre uses, this is likely to be within 300 metres of a town centre boundary.

- 6.6 In determining whether a site falls within the definition of edge of centre, account should be taken of local circumstances. For example, local topography will affect pedestrians' perceptions of easy walking distances from the centre. Other considerations include barriers, such as crossing major roads and car parks, the attractiveness and perceived safety of the route and the strength of attraction and size of the town centre. A site will not be well connected to a centre where it is physically separated from it by a barrier such as a major road, railway line or river and there is no existing or proposed pedestrian route which provides safe and convenient access to the centre.
- 6.7 As well as existing and proposed physical links between the site/proposals and the PSA, the degree of functional linkage between the two will have a major effect on the level of linked trips. People may be more willing to walk between an edge of centre site and the PSA if they each have strong, complementary attractions.

iii) Out of centre

- 6.8 'Out of centre' locations are not in or on the edge of the centre but not necessarily outside the urban area. They are not within easy walking distance of the centre and are therefore unlikely to contribute to linked trips or to share the level of public transport accessibility as the town centre. Where locations in existing centres or edge of centre locations are not available, preference should be given to out of centre sites well served by a choice of means of transport, which are close to a centre and have a higher likelihood of forming links with a centre

APPLYING THE APPROACH TO DIFFERENT TOWN CENTRE USES

- 6.9 Whilst the sequential approach applies to all main town centre uses, local planning authorities should consider the relative priorities and needs of different main town centre uses, particularly recognising their differing operational and market requirements. For example, a hotel associated with a motorway service area is likely to cater for a distinct market compared to a traditional city centre hotel. Similarly, a town centre office development will serve a different function and market compared to a business park.
- 6.10 LPAs seek to make the best possible use of scarce town and city centre sites, promoting mixed use development wherever appropriate. As part of this, authorities should acknowledge the particular locational requirements of retailing, including the key role of retail 'anchors' in generating pedestrian flows and reinforcing a compact, well defined retail area. Integration will be an important aspect of retail proposals, especially where they involve extensions to the primary shopping area.

THE ROLE OF LOCAL PLANNING AUTHORITIES

- 6.11 When preparing their development plans, LPAs should identify what they regard as the primary shopping area (PSA). This is important to provide clarity to applicants about the policy status of different sites.
- 6.12 In defining the PSA, it may be appropriate to take into account the anticipated future role of the centre, and in particular the scope for growth and expansion. In centres where major expansion is planned, it may be appropriate to indicate where the PSA is likely to be extended to, having regard to the potential for achieving effectively integrated new development. A good example of this is illustrated by Crawley's core strategy, which in response to a clearly defined need, identifies the extent of the anticipated expansion of the PSA as a 'strategic allocation'.
- 6.13 LPAs should also identify an appropriate 'town centre boundary' within which it will seek to locate other main town centres uses. It may be appropriate to define other areas within the town centre but outside the PSA where specific uses are encouraged e.g. specialist retail, offices, bars/restaurants etc. To ensure that such uses are able to benefit from the centre's accessibility by alternative means of transport (and facilitate linked trips), it is important to ensure the town centre boundary is not drawn too widely.

Case Study: Crawley town centre north – Extending the primary shopping area

Responding to an identified need for additional retail space and other town centre facilities, Crawley Borough Council identified a major area of land to the north of the existing primary shopping area, known as 'Town Centre North' (TCN). Recognising the critical importance of the TCN area to its overall town centre strategy, the council identified the area as an extension of the PSA and strategic allocation in its core strategy. It also set out a specific policy to support and guide the development of the TCN area.



- 6.14 Authorities should consider existing and potential linkages and public transport accessibility levels (PTAL) as a guide to determining the appropriate extent of the town centre boundary, including what may constitute 'edge of centre' locations for other non-retail town centre uses.
- 6.15 In addition to defining the PSA and town centre boundary, where LPAs identify a need for new development to accommodate main town centre uses, they should allocate sites which are suitable, viable and likely to be available within a reasonable timescale to accommodate such needs. Where appropriate, LPAs may also set out their priorities/phasing considerations etc. as part of their overall strategy for the centre, and should set out clearly the steps they intend taking to bring forward allocated sites.

INTERPRETING THE STATUS OF SITES AT THE APPLICATION STAGE

- 6.16 At the application stage, where the PSA is appropriately defined, the policy status of a site will be clear. Where there is no defined PSA, or the current boundary is out of date (for example by virtue of changes in the pattern of retailing and other uses across the town centre), it will be necessary to judge the extent of the PSA and whether a particular site or proposal is within the PSA, based upon the LDF policies and any other material considerations.

- 6.17 A common difficulty when considering the sequential approach relates to sites and proposals partially within (and partially outside) the defined PSA. Relevant considerations may include whether the PSA boundary has been defined in an up to date development plan, and whether the proposals accord with, or run counter to a clearly defined strategy for the centre. When judging whether such sites and proposals should be regarded as ‘in centre’, it will be appropriate to consider the degree of integration and linkage between the proposals and the rest of the PSA, and whether they will genuinely function as part of the PSA.
- 6.18 Proposals within planned new centres can pose problems of interpretation. As required by national policy, new centres should be considered through the RSS/LDF process. This should include considering the appropriateness of new centres, the scale and form of development likely to be appropriate (including the need for floorspace thresholds) and other matters such as the impact on the existing hierarchy and networks of centres (see Section 7). Where the need is identified to create a new centre, and the appropriate policy tests are met, it will not be necessary to apply a sequential approach to consider whether proposals planned within the new centre could be met in nearby **existing** centres.

Case study: Huddersfield – what constitutes edge of centre?

A recent public inquiry involving an extension to the Kingsgate Shopping Centre in Huddersfield provides a good example of the need to adopt a realistic interpretation of what constitutes ‘edge of centre’, having regard to the nature of the proposal.

The inquiry involved plans to extend the Kingsgate Shopping Centre, which comprises a key part of the existing primary shopping area by creation of a second anchor store. While the store was to be seamlessly integrated into the primary retail frontage, and part of the site was within the defined primary shopping area on the adopted development plan, the local authority contested that as elements of the site lay outside the current primary shopping area the proposal should be regarded as edge of centre.

Following a public inquiry, the Inspector concluded that the proposal comprised a seamless extension to the Kingsgate Shopping Centre, and notwithstanding the historic definition of the primary shopping area shown on the development plan, concluded that the proposal should be regarded as ‘in centre’ for the purposes of the sequential approach. This case study illustrates the need to have regard to the nature of the proposal itself, and its physical and functional linkages with the rest of the primary shopping area, rather than literal interpretation of what constitutes in-centre and edge of centre based on the currently defined primary shopping area.



- 6.19 When considering the status of a specific proposal or application, the focus should be on the effects of a scheme as well as the site's location. Considerations such as the degree of integration (either existing or proposed) and the current/future level of accessibility will be key determinants. For example, a badly connected, inward looking retail scheme in an edge of centre location could perform poorly when compared to a carefully planned, effectively integrated extension to the primary shopping area.
- 6.20 Key considerations will include:
- The **nature of the scheme** and the extent to which it is complementary to existing retailing/other main town centre uses in the centre i.e. the level of 'functional linkage' and the propensity of shoppers or other users to walk between developments.
 - The **attractiveness of linkages**, i.e. whether they are of sufficient quality in terms of quality of paving, way marking/sign posting, street furniture, lighting and perception of safety.
 - The **way in which the scheme will operate** as an integral part of the centre, for example the provision of shared car parking, car park management, links with new or existing public transport routes and effectiveness of overall management and promotion of the centre.

PLANNING APPLICATIONS: AREA OF SEARCH

- 6.21 Where LDFs are up to date and based upon sound evidence, the scale and form of development likely to be appropriate in each centre should have been considered carefully. On this basis, it should be self evident which centre(s) are likely to be appropriate to include in any sequential search of sites appropriate for development. Difficulties tend to arise where this exercise has not been undertaken, the hierarchy is not clearly defined, and a proposal comes forward for a scale of development which is not solely related to the needs of an individual centre in its catchment, but to a wider area.
- 6.22 When considering applications, LPAs will need to consider the extent of the catchment area likely to be served by the proposal, and to then identify alternative sites located in existing centres within the catchment area. This will determine whether sites in other nearby centres may represent more appropriate locations in which to accommodate the scale and form of development proposed.

- 6.23 It may be appropriate to identify new centres or to plan for changes in existing retail hierarchies in order to accommodate growth and meet changing needs. Alternative options for accommodating growth should be tested through the RSS\LDF process, which should include consideration of the physical capacity of existing centres at different levels within the hierarchy to accommodate growth. This may also include testing the implications of promoting new centres or elevating existing centres to a higher level within the hierarchy in preference to 'out of centre' locations.
- 6.24 In determining the appropriate area of search for an application, including whether it is appropriate to consider sites within or on the edge of established centres, it will be relevant to consider the scale and form of development proposed. For example, some proposals will serve a purely localised need (e.g. 'local' foodstores) whereas others are likely to serve a materially wider catchment area. In these instances, it will be relevant to consider whether the proposal is of an appropriate scale to the location proposed, or whether some of the need could be better met within an existing 'higher order' centre.
- 6.25 There will be instances where a specific need for a certain type and form of development can only realistically be accommodated in specific locations.
- 6.26 When considering 'location specific' needs, it is important to distinguish between cases where needs arise because of a gap or deficiency in the range, quality or choice of existing facilities, and where the commercial objectives of a specific developer or occupier are their prime consideration. It cannot be argued that an identified need or requirement is in itself 'locational specific' because, for example, the proposed retailer/developer owns the land in question, or is seeking an extension to an existing store or centre.

THE NEED FOR FLEXIBILITY

- 6.27 National policy requires developers and operators to demonstrate flexibility in their business model when considering sites in, or on the edge, of existing centres as part of applying the sequential approach to town centre uses. The purpose behind this is to seek wherever appropriate to accommodate new retail and other main town centre uses within town centres. This enables new development to make effective and efficient use of previously developed land, ensure schemes are located in accessible locations, secure new investment and thereby improve the range and diversity of activities in town centres.

- 6.28 In many cases, adopting an innovative approach and promoting high density development may be the best means of achieving planning objectives and maximising development returns. In particular, where it is possible for retailers to trade satisfactorily and meet their servicing needs through multi level stores, and/or through shared or multi level car parking and innovative servicing solutions, this has the potential to reduce the amount of land needed for new development, thereby reducing development costs. Some retailers have demonstrated such flexibility, and been able to amend their 'standard' business model requirements in order to secure new representation which would not otherwise have been possible. A good example of this is Asda in Halesowen, as shown below.

Case study: Asda Halesowen – Retailer flexibility

At Halesowen, Asda have built a superstore anchoring a £30m investment in the Cornbow shopping centre. This replaces a small Somerfield and a Peacocks, as well as a very poor multi-storey car park. The store is on two levels and has been developed together with a new bus station and a 400 space multi-storey car park, which directly adjoins the Asda section of the shopping centre. The developer is Vale Retail, which owns the Cornbow Centre.

In responding to the challenge to develop a new store on a constrained site, Asda adopted a flexible approach, two floors with an internal travelator linking both levels. There are checkouts and exits on both floors and trolleys have been specially designed with wheels that slot onto the travelator, to enable customers to shop both floors.

The site was constrained by a number of town centre buildings including the existing shopping centre, the bus station and the main Halesowen access road. In this instance, a flexible approach to format combined with some innovative design solutions have made this constrained site viable for a large format anchor store, which has transformed the performance of the centre as a whole, and reversed the long term decline of the centre.



- 6.29 Promoting new development in town and city centre locations can be more expensive and complicated than building elsewhere. This means that LPAs need to also be flexible and realistic in terms of their expectations. This will require them to consider the benefits of major private sector investment in their town centres (together with the improved facilities and other associated benefits that will be derived) against the implications of development occurring in other, less central locations.

- 6.30 In the case of single retailer or leisure operators, it is not the purpose of national policy to require development to be split into separate sites where flexibility in their business model and the scope for disaggregation have been demonstrated. This means that LPAs should be realistic when considering whether sites are suitable, viable and available.
- 6.31 The size and bulk of goods sold will also influence the size and type of store required. This applies particularly to retailers selling bulky durable goods such as DIY, furniture, carpets and domestic appliances. In many cases, these forms of development are regarded as complementary to the role of town centre retailing, and do not generate sufficient sales productivity to trade in prime town centre locations.
- 6.32 In the case of large foodstores, the trend towards selling a wide range of goods, including comprehensive ranges of fashion/clothing and homeware products creates particular issues. Again, such proposals will need to demonstrate flexibility in terms of the scale and format of development proposed; car parking provision and the scope for disaggregation. This will need to be set in the context of other national planning policy objectives for town centres, including the requirement to provide consumer choice and promote competitive town centre environments.
- 6.33 The decision by an individual retailer to promote a business model which cannot be accommodated in an existing centre will not justify discounting more central sites where they are available, suitable and viable. In every case it will be necessary to strike an appropriate balance between the requirements of the commercial sector and the requirements of national policy based upon local circumstances. While there is no policy requirement to demonstrate need, an operator claiming that it is unable to be flexible about its chosen 'business model' would be expected to demonstrate why a smaller store or stores could not meet a similar need.
- 6.34 There will be some situations, for example in historic centres, where it is difficult to accommodate large developments due to the limited availability of sites, conservation and heritage issues and/or traffic and parking constraints. However, as the Grand Arcade in Cambridge demonstrates, even in highly constrained historic centres it may be possible to accommodate modern retail and other town centre uses in well integrated sensitively designed schemes.

Case Study: Cambridge Grand Arcade

A good example of a flexible approach to accommodating a key anchor retailer is the John Lewis Department store in Cambridge. During the late 1980s a number of out of centre sub-regional shopping centre proposals were considered in the area on the basis that the requirements of John Lewis and other modern retailers could not be accommodated within the historic city centre.

This 'accepted wisdom' was challenged and the Secretary of State rejected the out of centre proposals and called for a review of the then structure plan policy. The culmination of this review and detailed feasibility testing was the identification of an opportunity for a major new development, linked directly into the primary shopping area.



The Grand Arcade has successfully accommodated the requirements of John Lewis albeit on a highly constrained site. An innovative approach has resulted in a five storey development which meets the accommodation requirements of John Lewis and maintains the distinctive nature of the brand, yet respects the historic setting of the store.

- 6.35 Some developments are comprised of a number of town centre uses. For example retail parks involving a range of retailers whilst mixed use developments can include retail, leisure, hotels and restaurants. In these cases, where edge of centre or out of centre locations are proposed, it will be relevant to consider whether any of the units proposed could be accommodated on more centrally located sites. The requirement to incorporate a range of uses in order to achieve a viable development is unlikely in itself to be sufficient reason for promoting development in less central locations where more central appropriate sites exist, which can accommodate elements of the proposal.

ARE SITES SUITABLE, AVAILABLE AND VIABLE?

- 6.36 National policy requires those promoting development, where it is argued that no other sequentially preferable sites are appropriate, to demonstrate why such sites are not practical alternatives in terms of their availability, suitability and viability.

6.37 These terms are defined as:

- **Availability** – whether sites are available now or are likely to become available for development within a reasonable period of time (determined on the merits of a particular case, having regard to inter alia, the urgency of the need). Where sites become available unexpectedly after receipt of an application, the local planning authority should take this into account in their assessment of the application.
- **Suitability** – with due regard to the requirements to demonstrate flexibility, whether sites are suitable to accommodate the need or demand which the proposal is intended to meet.
- **Viability** – whether there is a reasonable prospect that development will occur on the site at a particular point in time. Again the importance of demonstrating the viability of alternatives depends in part on the nature of the need and the timescale over which it is to be met.

i) Availability

6.38 A site is considered available for development, when, on the best information available, there is confidence that there are no insurmountable legal or ownership problems, such as multiple ownerships, ransom strips, tenancies or operational requirements of landowners. Two related points include:

- Whether there are any key policy **pre-conditions** to bringing forward the site, for example through allocation in the LDF, and if so the timescales and progress made towards meeting them.
- The ownership of the site, and any evidence of whether the owner(s) of the site appear **willing** to bring forward the site for development in question within a reasonable timescale (or alternatively the progress made by the authority on site assembly through compulsory purchase where relevant).

6.39 The issue of availability and the sequential approach have to be considered together with the impact of development occurring in edge or out of centre locations, and the long term consequences for town centres. Thus, whether it is appropriate to assess availability over three to five years, or a longer time period will depend upon local circumstances.

6.40 As described previously, some major town centre schemes can take 10-15 years to deliver, and require the use of CPO.

6.41 When promoting a proposal on a less sequentially preferable site, it will not be appropriate for a developer or retailer to dismiss a more central location on the basis that it is not available to the developer/retailer in question.

ii) Suitability

- 6.42 When judging the suitability of a site it is necessary to have a proper understanding of scale and form of development needed, and what aspect(s) of the need are intended to be met by the site(s). 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, either individually or collectively, to meeting the same requirements.
- 6.43 The following factors are likely to be relevant when assessing whether a site offers a suitable location for development:
- Policy restrictions – such as designations, protected areas, existing planning policy and corporate, or community strategy policy.
 - Physical problems or limitations – such as access, infrastructure, ground conditions, flood risk, hazardous risks, pollution or contamination.
 - Potential impacts – including effects on landscape features and conservation.
 - The environmental conditions – which would be experienced by potential users of the proposal.
- 6.44 Like other aspects of the sequential approach, the question of the suitability of alternative sites requires a balanced judgement based on the specific circumstances of the case and the site in question.
- 6.45 Those promoting less central sites should not discount more central locations as unsuitable unless they are able to clearly demonstrate that a development on the site in question would be unable to satisfactorily meet the need/demand their proposal is intended to serve. They should not reject sites based on self imposed requirements or preferences of a single operator, or without demonstrating a serious attempt to overcome any identified constraints.
- 6.46 Conversely, if LPAs suggest alternative, more central sites as being sequentially preferable, they should be satisfied that the alternatives are genuinely likely to be suitable for the scale/form of town centre uses proposed, having regard to their planning policies, their stated intentions for the site, and any other planning conservation or environmental constraints affecting the site.

iii) Viability

- 6.47 This is concerned with judging whether there is a reasonable prospect that development will occur on a site. This will be influenced by:
- **Market factors** – such as adjacent uses, economic return of existing, proposed and alternative uses in terms of land values, attractiveness of the locality and level of potential market demand.

- **Cost factors** – including site preparation costs relating to any physical constraints, any exceptional works necessary, relevant planning standards or obligations, prospect of funding or investment to address identified constraints or assist development; and
 - **Delivery factors** – including the developer’s own phasing, the realistic build-out rates on larger sites (including likely earliest and latest start and completion dates), s106 costs, whether there is a single developer or several developers and their size and capacity etc.
- 6.48 Linked to the above, the fact that a specific retailer or occupier is said to be unwilling to locate on a particular site is not necessarily evidence that it is unviable. The case studies like Cambridge and Halesowen demonstrate retailers and developers’ ability to be flexible and innovate in order to secure representation in constrained locations.
- 6.49 A key issue is the level of detail required to assess whether other locations are viable. Where alternative sites are being actively promoted for new development by a developer/retailer, this is a reasonable indicator that the location is viable. Where other sites are not being brought forward for development, it may be relevant to consider their progress and whether they are being used as a means of ‘blocking’ new development in less central locations. In these circumstances it may be necessary to consider the commitment of the local authority to promoting alternative sites, and bring them forward at the earliest opportunity, for example through the use of their compulsory purchase powers.
- 6.50 It will rarely be necessary to undertake detailed development appraisals to test the viability of alternative sites. A key problem is the lack of information available to local authorities or prospective developers in relation to the costs involved in developing alternative sites, without going to the significant expense of commissioning detailed feasibility studies and development appraisals for every alternative site identified. Given the timescale for bringing forward some town centre schemes, and their vital importance to the continuing vitality and viability of town centres, it would be inappropriate to reject a more central opportunity as being currently unviable, without allowing a reasonable period of time to test whether a viable opportunity is likely to come forward.

DEMONSTRATING COMPLIANCE WITH THE SEQUENTIAL APPROACH

- 6.51 Given the provisions of Policy EC17, it is essential that applicants are able to demonstrate compliance with Policy EC15. Equally, it is important that such assessments are proportionate to the nature of the proposal, and wherever practicable, their scope and conclusions are discussed and agreed between the applicant and the LPA.
- 6.52 It may be appropriate to adopt a simple 'checklist' to demonstrate compliance, outlining the basis on which the assessment has been undertaken, and detailing all the alternatives considered. This might include the following:

Checklist: adopting a sequential approach

- What is the scale and form of development needed?
- Is the need 'location specific' or even 'site specific', or is it more generalised?
- Are the PSA and wider town centre properly defined in the development plan?
- How should the site/proposal in question be defined? Is it 'in centre', 'edge of centre' or 'out of centre'?
- Have all more central opportunities been considered/identified?
- Have they been thoroughly tested, having regard to their suitability, viability and availability having regard to the identified need/demand and the timescale over which it arises?
- Has this assessment adopted a sufficiently flexible approach?
- Has the potential to overcome any obstacles to the availability of more central sites been discussed with the LPA?

- 6.53 Wherever possible, alternative sites should be discussed and agreed with the LPA at an early opportunity. LPAs should not be raising new alternative at a late stage in the process. There may be cases where the LPA is content that there are no possible alternatives. However, the onus still rests on the applicant to demonstrate compliance with the approach.
- 6.54 If the applicant asserts that the proposal is, by its nature, locationally specific, and cannot be accommodated in a more central location, or that it is not possible to adopt a flexible approach to accommodate any need/demand more centrally, it will be necessary to clearly justify this position.

PART 7: Assessing impact

KEY PRINCIPLES

- 7.1 Proposals which are in accordance with an up to date development plan strategy will not require an impact assessment, as it is expected that this will have been undertaken at the policy formulation stage. In all other cases, an assessment will be required to identify the **key** impacts identified in EC16 focusing in particular on the first five years after the implementation of a proposal.
- 7.2 National policy requires impact to be applied in respect to all main town centre uses. The new impact test is particularly relevant to retail and leisure/entertainment proposals. Other main town centre uses (including offices and arts, culture and tourism) will require impact testing, but the scope and level of detail required will vary according to the local circumstances. Applicants and local planning authorities should seek to agree the scope and level of detail of impact assessments in advance of applications being submitted.
- 7.3 The objective of an impact assessment is to measure and where possible quantify the impacts of proposals or policy options. This can be used to gauge their potential impact on the development plan strategy, their effects on planned new investment and their overall consequences on the vitality and viability of existing centres such as reduction in footfall, impact of vacancies etc. This section explains how to measure the different impacts. It will be for the decision maker to determine what constitutes an 'acceptable', 'adverse' or 'significant adverse' impact, based upon the circumstances of each case, having regard to national and local policy objectives.

SCOPE/LEVEL OF DETAIL

- 7.4 PPS4 sets out the circumstances where impact assessments are required. In addition, national policy allows local planning authorities to set out specific floorspace thresholds in LDFs for edge of centre and out of centre development above which impact assessments will be required. In setting such thresholds, important considerations are likely to include the scale of known proposals relative to town centres; the existing vitality and viability of town centres; the cumulative effects of recent developments; the likely effects on a town centre strategy and the impact on any other planned investment.
- 7.5 Where authorities decide not to set out specific floorspace thresholds in LDFs, national policy requires impact assessments to be submitted for retail and leisure developments over 2,500sq.m gross. In advance of LDFs being revised to reflect PPS4, it may occasionally also be relevant to consider the impact of proposals below this threshold, for example if they are large compared to a nearby centre, or likely to have a disproportionate effect or 'tip the balance' of a vulnerable centre.

- 7.6 As explained above, the scope of any assessment should be agreed in advance. Four key considerations should be taken into account:
- First, it should be **fit for purpose**, setting out what the purpose of the impact assessment is e.g. whether to test alternative policy options, establish the principle of a form of development or test the detailed impacts of a specific proposal. The type of impact assessment required for plan-making will differ to that supporting a planning application.
 - Second, it should **avoid duplication**. Regions and local planning authorities are required to consider the impact of policy choices and proposals as part of preparing RSS/LDFs. Where impact assessments are up to date, there should be no need to duplicate this work when considering planning applications. However, it may on occasion be necessary to update this work to focus on any specific aspects which may have changed or consider certain matters in more detail since the impact assessment was undertaken.
 - Third, the scope and level of detail required should be **proportionate** to the nature of the policy or proposal under consideration. The scope and level of detail required does not necessarily relate to the size/location of development (see above), but it should not be necessary to undertake detailed impact assessments or consider the effects of minor proposals where the scope for significant adverse impacts is agreed to be limited. This consideration is also relevant to some non-retail ‘town centre uses’ e.g. offices, hotels etc., where there is no established methodology for assessing impact in any detail.
 - Finally, the assessment should **focus on the key issues**, which should be agreed in advance. Where authorities have clear up to date policies and strategies for their centres, the potential areas of concern should be relatively easy to determine.
- 7.7 All impact assessments should set out clear conclusions in respect to the impacts identified in national policy, and any identified locally important impacts. Checklists might be helpful in this respect, identifying what impacts need to be addressed and what existing analysis is relevant. Where additional work is identified, the checklist can agree the level of detail required to address each of the impacts, as well as highlighting the key issues and other impacts which the assessment is expected to focus on.

APPROACH TO DIFFERENT 'MAIN TOWN CENTRE USES'

- 7.8 To date, the main focus of impact assessments has been on retail proposals, particularly the key town centre impacts outlined in national policy. Studies have identified the potentially significant impacts of major out of centre developments, for example in the case of the Merry Hill Shopping Centre as set out below.

The Merry Hill impact study

A quantitative assessment *The Merry Hill Impact Study* was carried out in 1992/1993. It aimed to "examine the impact of Merry Hill upon the vitality and viability of established shopping centres within the West Midlands" so as to inform future planning policy.

The study concluded that the major centres in the wider catchment area had lost market share between 1989 and 1993, while that of Merry Hill had risen considerably. In particular, Dudley's market share in 1993 was one third of its 1989 level, which is equivalent to an impact of 70 per cent on the pure comparison offer. Significant declines in market share also occurred in Stourbridge and West Bromwich whilst Birmingham, Wolverhampton and Walsall were within 15 per cent of their 1989 market shares.

The consultants examined qualitative and quantitative indicators of impact including changes in retail composition and retail floorspace, market perceptions and the views of retailers. They concluded that the effect of Merry Hill on Dudley went deeper than a reduced market share, as the town centre had experienced the loss of vital town centre anchor stores and major multiple retailers. In particular, the increase in vacancy levels combined with the decline in retailing had undermined the vitality and viability of Dudley.

The Merry Hill study highlights one of the best documented and extreme cases of impact, arising as a consequence of the unplanned growth of a major out of town shopping centre when Dudley was already a vulnerable centre. In many other cases, the impact of new developments has been less significant, and often less immediate.

- 7.9 In the convenience sector, concerns have been expressed about the potential impact of large out of centre foodstores on market towns and district centres. This issue was considered in research published by DETR, which sets out some of the different circumstances which have a bearing on impact. Other examples, such as Beverley (see earlier case study) illustrates the potential positive effects of well integrated edge of centre stores, but there are also cases where even modest sized foodstores, and extensions have been judged to have unacceptable impacts on small or vulnerable centres.

The impact of foodstores on market towns/district centres – DETR

The research report, *The Impact of Large Food Stores on Market Towns and District Centres* was published in September 1998. The study aimed to examine the impact of large foodstore development on market towns and district centres through a series of detailed case studies.

The research showed that large food stores can have an adverse impact on market towns and district centres, but the level of impact is dependent on the local circumstances of the centre concerned. In particular, smaller centres which are more dependent on convenience retailing to underpin their function are more vulnerable to the effects of larger food store development at edge-of-centre and out-of-centre locations.

The report concluded that it is vital that those responsible for the future of market towns and district centres take positive steps to improve the range and quality of food shopping in these centres, and adopt a cautious approach to considering the location and likely long-term consequences of the development of large food stores in non-central locations.

- 7.10 Retail impact assessments undertaken to date suggest the scale of development, degree of overlap between the proposed development and the role of nearby centres, proximity, and the state of the health of nearby centres are all key factors which have a bearing on the level of town centre impact. Such assessments should also identify the effects of the different types of floorspace proposed (i.e. whether it is convenience or comparison goods) to enable more detailed consideration of their impact upon different retail sectors in nearby town centres.
- 7.11 In the case of 'higher order' centres, assessments tend to focus upon the effects of the comparison (non-food) floorspace although in smaller towns and local centres, the impact of convenience (food) stores may be of greater significance. Assessments should not only be confined to major new developments. In some cases, extensions, redevelopment or variation of conditions can materially alter the effects of a development. The cumulative impact of recent/committed proposals may also be particularly relevant in some cases.
- 7.12 Where proposals relate to a specific type of goods (for example a DIY retail warehouse) it may be appropriate to focus the impact assessment on that specific sector, notwithstanding the need to consider the impact of the proposal on the overall vitality and viability of town centres. Where assessments focus upon a specific retail category or other town centre use, it will be appropriate to apply conditions to subsequent planning permissions to only allow those uses which have been considered (see Section 8 on the use of conditions).
- 7.13 In the case of commercial leisure proposals, whilst there are fewer cases where detailed impact assessments have been carried out (involving cinemas, bars, restaurants and health clubs etc), there are some good examples such as the

Wolverhampton racecourse ‘Racino’. In the case of hotels, having regard to the level of demand and occupancy in different market sectors, there may be cases where the impact of a new out of centre hotel could undermine the viability and contribution of more central hotels, or prejudice the potential of more central hotels, or prejudice the potential to secure further hotel development on a more central site.

Wolverhampton racecourse leisure impact assessment

Wolverhampton City Council granted planning permission in 2008 for the extension of Wolverhampton Racecourse to provide the UK’s first “racino” (a destination casino at a racecourse), a hotel extension and additional horse racing facilities. Arena Leisure’s planning application, submitted in 2007, was accompanied by a town centre and leisure statement setting out the quantitative and qualitative need for both the casino and hotel elements of the scheme, the sequential approach to site selection, scale of the development and impact on the vitality and viability of Wolverhampton City Centre.

To assess the need for the casino, the number of occupied ‘player positions’ within casinos was measured against the number of potential casino visits from within the identified catchment area that could occupy these positions, based on the propensity of the resident and visitor population to gamble and the estimated frequency of casino visits. The assessment of need for additional hotel rooms took into consideration the overall health of the hotel and conference centre provision in Wolverhampton, to determine the general demand for hotel rooms. In addition, the proportion of bedrooms to conference space at the existing Wolverhampton Racecourse hotel was assessed in comparison to similar towns.

A qualitative assessment of the impact of the proposed development on Wolverhampton City Centre was undertaken. This comprised a review of the existing leisure and cultural offer in Wolverhampton, the contribution of the other existing casinos to the leisure offer and health of the city centre, and the extent to which the turnover of the proposed ‘racino’ was expected to be diverted from these other casinos.

- 7.14 In the case of offices and other cultural proposals, it is unlikely that a number of the key impacts set out in policy will be directly relevant (e.g. trade diversion). In such cases, applicants should seek to agree with the LPA which key impacts will be focused on. There may be cases, for example, where a key town centre site is earmarked for a new office quarter, which depends on securing key occupier requirements, where there is legitimate concern that a new development will cause displacement and/or deflect occupier demand to a less central location.
- 7.15 In every case it will be necessary to reach a balanced decision, having regard to the provisions of the development plan, the sequential approach and impact considerations.

MEASURING TOWN CENTRE IMPACTS

- 7.16 Policy EC16 identifies the main impact considerations which are required to be considered in every impact assessment. These are:
- *The impact of the proposal on existing, committed and planned public and private investment in a centre or centres in the catchment area of the proposal.*
 - *The impact of the proposal on town centre vitality and viability, including local consumer choice and the range and quality of the comparison and convenience retail offer.*
 - *The impact of the proposal on allocated sites outside town centres being developed in accordance with the development plan.*
 - *In the context of a retail or leisure proposal, the impact of the proposal on in-centre trade/turnover and on trade in the wider area, taking account of current and future consumer expenditure capacity in the catchment area up to five years from the time the application is made, and, where applicable, on the rural economy.*
 - *If located in or on the edge of a town centre, whether the proposal is of an appropriate scale (in terms of gross floorspace) in relation to the size of the centre and its role in the hierarchy of centres.*
 - *Any locally important impacts on centres under policy EC3.1.e.*
- i) Effect on planned investment*
- 7.17 Where the LPA and/or the private sector has identified town centre development opportunities and is actively progressing them, it will be highly material to assess the effect of proposals on that investment. Key considerations will include; the stage at which the proposal has reached; the degree to which key developer/occupier interest is committed; and the level and significance of predicted direct and indirect impacts.
- 7.18 Where new development is proposed within an existing centre, the effects on other planned development in other parts of the centre are not necessarily significant planning considerations, particularly where the overall impact of the proposal on the town centre is considered to be positive. It will normally only be appropriate to consider in detail the impact of new development in one part of the centre on other parts of that centre in any detail where the impact could undermine a clearly defined town centre strategy, developed through the local development framework, which identifies priorities and/or need for phasing new development.

- 7.19 The key factors which will determine whether a proposal is likely to undermine committed or planned investment will include the effects on current/forecast turnovers, operator demand and investor confidence. Many of the factors relevant to need assessments will also have a bearing on the effects of new proposals on committed/planned development. For example, will the proposal reduce the current turnover of retailers/leisure operators to the extent that new development will not be viable, or lead to a reduction in the market share of relevant town centres, making it more difficult to attract operator demand and support the development in expenditure terms.
- 7.20 The 'quantitative' impacts considered above should be assessed in parallel with qualitative considerations such as operator demand and investor confidence. For example, it will be relevant to consider whether key anchor retail or leisure operators underpinning the viability of committed or planned town centre investment are likely to be affected by a proposal. Where planned investment is likely to be affected in terms of reduced turnover levels or rental growth, this may also have a bearing on the viability of such schemes proceeding.
- 7.21 In any case, the significance of the proposed investment, including its contribution to the public realm, infrastructure, employment etc. should be balanced against any adverse effects on planned investment in nearby centres. The policy status of the planned investment, progress made towards securing the investment, and the degree of risk to that investment will all be relevant considerations. Like many aspects of the assessment of impact, the effect of a proposal on planned investment in nearby centres is a subjective matter, but the following 'checklist' suggests some relevant considerations.

How to: measure the effects on planned investment in nearby centres

In the case of proposals which are not in accordance with an up to date development plan and not within an existing centre, their effects on a planned investment in a nearby centre may be highly material. The level of risk to planned investment and its significance, in planning terms, will depend on, among other things:

- What stage they have reached e.g. are they contractually committed?
- The policy 'weight' attached to them e.g. are they a key provision of the development plan?
- Whether there is sufficient 'need' for both?
- Whether they are competing for the same market opportunity, or key retailers/occupiers?
- Whether there is evidence that retailers/investors/developers are concerned; and
- Whether the cumulative impact of both schemes would be a cause for concern.

Equally, any adverse impacts as outlined above should be balanced against the positive effects of the proposals, in terms of; investment; employment generation; social inclusion; and physical and economic regeneration.

ii) Effects on vitality and viability

- 7.22 Taken as a whole, consideration of the effects on the development plan, committed and planned investment and impacts on the town centre turnover provide a good indication of the overall effects of a proposal on the vitality and viability of town centres. It will also be appropriate to consider the implications of a proposal on retail diversity, particularly the range, type and quality of goods available. This will be especially relevant in historic market towns, or centres which have developed a distinct and unique character which contributes to their vitality and viability. This needs to be factored in when reaching an overall judgement on town centre impacts.
- 7.23 The Merry Hill study demonstrates an extreme example of where a major out of centre development materially undermined the vitality and viability of Dudley town centre and has led to a fundamental change in the network and hierarchy of centres in the area. In most cases, impacts are more gradual and it is the cumulative effects of developments over time (often compounding wider trends) which can result in a decline in vitality and viability.
- 7.24 In some cases, the strategy for a particular centre may need to recognise these trends and plan for diversification. However, it will still be necessary to develop a clear understanding of the current and potential role of the centre, and the market sectors and town centre uses which are key to its vitality and viability. This enables the LPA to develop a better understanding of the impacts of new proposals based on the type of uses and market sectors they are targeting.

- 7.25 In other cases, where there is a clearly defined strategy to promote the expansion of a centre through new development, the potential impact on operator demand or investor confidence, and the risk to the development plan strategy are likely to be the overriding concerns. In such cases, where there is significant overlap between the proposals being tested, and the aspirations for the town centre, they are likely to raise related concerns in respect of the sequential approach as well as their impact on vitality and viability.

How to: judge the effects of a proposal on the vitality and viability of a centre

It is evident that the various 'key' impacts are interrelated. Judging their significance requires a proper understanding of the vitality and viability of the centre how it is changing over time, and its vulnerability.

Any adverse impact on planned investment is likely to be of particular significance, particularly if it forms part of the development plan strategy. Significant levels of trade diversion from the centre, or key sectors, can seriously undermine its vitality and viability resulting in reduced footfall, increased vacancies, a more 'down market' offer etc.

Some centres may be particularly vulnerable. In others, such as important historic centres, or centres which rely on a particular diversity and special character, it may be appropriate to take a cautious approach to potential adverse impacts.

Impacts may not be widespread, or necessarily significant in quantitative terms. Loss of a key town centre use, or loss of demand from a prospective operator needed to reinforce the existing offer may be highly significant in some centres.

The weight attached to the key impacts will vary in every case, and may be considered by LPAs as part of the LDF process.

(iii) Effects on allocated sites outside town centres

- 7.26 Where sites are allocated in up-to-date plans which include retail or other main town centre uses, there is an assumption that they have addressed the key impact considerations (or locally important impacts) required by national policy. However, where the plan is out of date, it will be necessary to consider proposals against the sequential approach and impact considerations in national policy.

- 7.27 Where new development within an existing centre is proposed, which will be likely to prejudice an out of centre allocation, the LPA should consider what weight to give this factor in light of the overarching objective of national policy to focus new development within existing centres wherever possible. Where competing proposals come forward on other edge or out of centre sites, the effects of both will need to be assessed and a judgement made as to which offer the most overall benefit in policy terms. Where there is a real potential for several proposals to come forward as above, their cumulative impact on town centres will need to be considered as part of any assessment.

(iv) Impact on turnover/trade

- 7.28 It is inevitable that new retail or leisure development will have some impact on the turnover of existing facilities within the catchment area. The approach outlined in Appendix D sets out a framework for making judgements about the likely extent of trade diversion. These will be informed by experience drawn from case studies, having regard to the nature of the proposals.

How to: assess impact on turnover/trade

The starting point for the assessment is a realistic assessment of current consumer spending and shopping patterns, based on modelling supported by survey evidence. Against this 'baseline' position, it will be necessary to assess likely changes at the 'design year' arising from ongoing trends, other 'committed' developments, and the effects of the proposals.

This task inevitably involves subjective judgements about the likely turnover, and trading pattern of the development, and the centres most likely to be affected. If there are details about the type of development proposed and its market position etc. this may assist in such judgements, but unless the proposal is to be conditioned accordingly, it may be necessary to test the sensitivity of different forms of development.

Having established the likely catchment area, market position and turnover potential of the proposal, the key factors affecting judgements about where it will draw its trade from will be determined by:

- The intended market sector/role, on the basis that 'like affects like'; so the centres currently serving the intended catchment population will experience the greatest impact; and
- Distance, on the basis that consumers will generally use the nearest centre/facility which meets their needs in terms of quality/convenience etc.

All assessment of trade diversion rely on judgement, having regard to these factors. However, they should clearly explain the basis of the judgements reached, and enable these to be tested.

- 7.29 As with the factors to be taken into account when assessing need as explained earlier, it will be necessary to balance the desirability of maintaining and enhancing the turnover of existing facilities with the benefits of improved consumer choice, competition and access to new facilities. In this respect, there are no meaningful benchmarks of what constitutes an 'acceptable' level of trade diversion resulting from such proposals. The relevant factors will depend on the circumstances of each case.
- 7.30 In the case of proposals within a centre, impact on other retail/leisure operators within that centre may not be a significant issue unless it undermines a clearly defined strategy to maintain or reinforce specific parts of the centre, or to promote major new development in a particular area. However, it may be relevant to consider the effects of trade diversion, in terms of the possible consequences for increased vacancies and reduced footfall in other parts of the centre, and to consider mitigating factors as part of an overall strategy for the centre.
- 7.31 In the case of proposals on the edge of or outside of existing centres, the impact upon current and forecast turnovers will be influenced by a number of factors, including the vitality and viability of the centre, and evidence of the current and expected performance of existing retail and leisure operators within the centre. The turnover levels needed to maintain and enhance vitality and viability will vary between different centres according to the level of overheads/rents etc.
- 7.32 Where a centre is experiencing falling rents, high levels of vacancy and declining footfall, even modest levels of trade diversion can have significant adverse impacts. Where centres are vital and viable, and existing retailers/leisure operators are achieving high levels of turnover, they may be able to withstand high levels of trade diversion resulting from a proposal, although this does not mean in itself mean that such impacts are acceptable. In most cases, unless there is clear evidence of a significant impact on turnover likely to undermine the vitality and viability of the centre, the negative effect of trade diversion needs to be balanced against any positive town centre or wider impacts as part of reaching an overall judgement.
- (v) Whether in centre/edge of centre proposals are of an appropriate scale*
- 7.33 This will involve considering whether a proposal is consistent with the role and function of the town centre and its catchment, as specified in the network or hierarchy set out in the relevant RSS/LDF. The consistency or otherwise of the scale of any proposal with similar facilities at other centres at a similar level in the retail hierarchy, and the scale of the proposal itself relative to similar retail developments in those centres are also relevant considerations.

- 7.34 Where the development plan sets out an indication of the scale of new development likely to be appropriate in the centre, based on considerations of need and the appropriate distribution of new development between different locations, it will be clear whether a proposal is of an appropriate scale. In other cases, it will be relevant to consider the effects of the proposal against the other key test e.g. their accessibility to their intended catchment and impact on nearby centres.
- 7.35 An indicator of the appropriateness of a proposal's scale is whether there is a demonstrable need based upon current/forecast expenditure and current market shares. Where a significant increase in market share, and/or an extension of the town centre catchment area is required to support the scale and form of development proposed, it may be relevant to consider the impact of such an increase on neighbouring centres.
- 7.36 It will also be necessary to consider other issues related to scale, such as the accessibility of the proposal to its intended catchment, its effect on overall travel patterns, and consistency with the network and hierarchy and overall planning strategy for an area.

How to: Determine what constitutes an 'appropriate scale'

The RSS/LDF may provide guidance as to what represents an 'appropriate' scale of development in different centres, based on an assessment of needs and how best to meet them within the hierarchy and network of town centres.

Where the RSS/LDF do not set upper thresholds, relevant considerations may include:

- Whether the proposals could be accommodated in whole or in part on more central sites in other centres (i.e. the sequential approach).
- Whether the proposals will be accessible to their likely catchment by alternative means of transport.
- Whether if they rely on a significant change in market shares, they will have an adverse effect on planned investment or the trade/turnover of nearby centres.

Equally, in reaching a balanced judgement, it may be relevant to consider the positive effects of the proposed scale of development, such as employment; infrastructure or physical and economic regeneration of areas of social deprivation.

PRE-APPLICATION DISCUSSIONS AND SCOPING

- 7.37 Prospective applicants should provide a clear indication of the scale and form of development proposed, with an indication of the quantum of floorspace, the types of use envisaged (with indications of any suggested conditions governing range/type of goods to be sold, unit sizes etc).
- 7.38 When responding local planning authorities will want to provide a clear indication of any particular concerns (and why the council is concerned) and equally to identify any aspects of the proposals which are unlikely to be contentious. For example, while all the impacts identified in the PPS should be considered, it might be readily apparent and agreed that the main focus of any assessment should be on the impact of a proposal on its town centre strategy, or planned investment in a particular centre.
- 7.39 One way to facilitate this process is to seek to scope the impact assessment with the LPA. The following provides a checklist of some of the key information which should be provided, and how the LPA may be able to help to refine the scope and the main focus of the impact assessment.

Checklist: scoping impact assessments

The prospective applicant should, as far as possible, provide details of:

- The scale of new development i.e. floorspace, net sales area etc.
- The type of floorspace i.e. food/non-food, and any suggested planning conditions e.g. range of goods, unit sizes etc.
- The characteristics of the development, where known – e.g. catchment area, target market etc.
- The proposed levels of parking; and
- The site, broad layout principles and degree of integration.

The Local Planning Authority should, where practicable provide an initial view in writing, to include:

- Whether it considers the proposal is in accordance with an up to date development plan.
- Whether the site is appropriate, or if it considers there are potentially sequentially preferable sites, to identify them (see sequential site assessments).
- Any initial views on key town centre impacts e.g. effects on other investments planned, and on the vitality and viability of any nearby centre(s).
- Any other initial views on wider impacts which the council considers may be particularly significant, including employment, social inclusion, regeneration.
- Initial comments on the adequacy of the proposed levels of accessibility and linkages.

- 7.40 The purpose of this exercise is twofold. First, it provides an effective means of pre-application consultation to identify key issues likely to be raised by new development in advance of the significant expense involved in working up detailed proposals. Second, it enables both parties to focus on the key issues and ensure that the impact assessment is proportionate to the scale and significance of the proposal.

PART 8: The effective use of conditions

- 8.1 Local planning authorities should make effective use of conditions to implement their policies and proactively manage the impacts of development. Policy EC19 indicates they may impose planning conditions to:
- Prevent developments from being sub divided into a number of smaller shops or units, or to secure the provision of units suitable for smaller businesses, by specifying the maximum size of units.
 - Ensure that ancillary elements remain ancillary to the main development.
 - Limit any internal alterations to increase the amount of gross floor space by specifying the maximum floor space permitted.
 - Limit the range of goods sold, and control the mix of convenience and comparison goods.
 - Resolve issues relating to the impact of the development on traffic and amenity of neighbouring residents, such as the timing of the delivery of goods to shops and the adequate provision for loading and unloading.
- 8.2 Conditions should only be used where they are necessary, particularly given the dynamic nature of the retail and other key town centre sectors, and the need for retailers and leisure operators to be able to adapt and respond to market conditions and enhance their productivity and efficiency. However, the use of conditions will be appropriate where the consequences of certain types of development could lead to unacceptable impacts or have not been fully tested.
- 8.3 In the case of planning applications, the process of scoping the application, and the assessment undertaken to support the application should clearly identify the scale and form of development proposed, and should indicate whether the intention is that the proposals are restricted to ensure that any changes in the scale or nature of the development from that which has been tested are properly controlled and subject to further assessment.
- 8.4 If unconditional consent is sought for retail or other leisure uses, i.e. with no limitation on net sales area, unit sizes, range of goods etc, then it will be necessary as part of the supporting assessment to examine fully all of the potential impacts and policy compliance of the full range of possible permutations which would be permitted under the proposed planning permission. This may be impractical in many cases.
- 8.5 In the case of retail proposals where an impact assessment has been undertaken, based upon a particular scale of net sales floor space, and the impact and appropriateness of the scale of development has been judged acceptable, it will normally be appropriate to impose conditions restricting total net sales area permitted, unless through sensitivity testing the consequences of different levels of net sales floor space have been fully examined.

- 8.6 Where the impact of a proposal which is intended to be restricted to a particular type of goods, e.g. convenience or comparison, or even more narrowly defined to a sub category such as 'DIY goods', and the impact assessment has been confined to this sector, it will also normally be appropriate to impose conditions preventing the sale of other goods to enable the additional impact of any future change in the range of goods sold to be properly tested.
- 8.7 Planning conditions relating to minimum unit sizes are also likely to be applicable in some cases, particularly where proposals are put forward on the basis of specific occupier requirements, or to meet the needs of a particular business model and the sequential approach has been undertaken on this basis. It would be inappropriate to support the development of proposals in a less central location on the basis of specific occupier requirements for a large unit, or a particular business model, without imposing restrictions to prevent subsequent sub division or changes in the format to allow types of operation which could be accommodated to more central locations.
- 8.8 In some cases, it may be appropriate to support particular types of operation, based on their contribution to meeting a specific well defined need. One example is the role of the discount food retailers, which have particular characteristics, and which can compliment other types of local convenience retailing and provide a positive contribution in areas of social deprivation by providing accessible low cost convenience goods. In such circumstances, where the case to support specific proposals is predicated on a particular type of operation, it may be appropriate to impose conditions to ensure the character of such units do not subsequently change.
- 8.9 The final consideration relating to conditions is the circumstances where it may be appropriate to provide only conditional support for new retail or other key town centre development within the RSS or LDF. RPPs and LPAs should adopt a proactive approach to identifying needs and allocating sites on which they are best met. At the regional level and in core strategies, identification of the scope for new development should be justified by sufficient analysis to give clear 'in principle' support for new developments, although this may be subject to conditions relating to the scale and form of development, or requiring further analysis at the application stage.
- 8.10 In the case of site allocations in LDFs, where the effects of the allocation would be to remove the requirement to consider the sequential approach, or to undertake an impact test, these matters should be considered fully during the plan preparation stage, particularly where they involve sites on the edge of or outside the defined PSA.
- 8.11 Where this analysis has not been undertaken, or has not been undertaken in the necessary degree of detail, it may be appropriate to include conditions within relevant development plan documents, either to restrict development on the site in question to a certain scale and form of development, or requiring more detailed analysis of alternative sites and impact at the application stage.

APPENDIX A: Glossary of terms

Population projections

Estimates of future population based on the most recent Census and/or ONS population estimates, and applying ONS population trends.

Plan-led population forecasts

Population projections adjusted to take account of extant planning permissions, and future housing growth estimates and housing land allocations in development plans.

Expenditure projections

Estimates of future expenditure obtained by projecting past trends in expenditure by means of a recognised statistical extrapolation technique.

Expenditure forecasts

Assessments of future expenditure based on applying stated growth rates which are not necessarily projections of past trends.

Convenience goods expenditure

Expenditure (including VAT as applicable) on goods in COICOP categories: Food and non-alcoholic beverages, Tobacco, Alcoholic beverages (off-trade), Newspapers and periodicals, Non-durable household goods.

Comparison goods expenditure

Expenditure (including VAT as applicable) on goods in COICOP Categories: Clothing materials & garments, Shoes & other footwear, Materials for maintenance & repair of dwellings, Furniture & furnishings; carpets & other floor coverings, Household textiles, Major household appliances, whether electric or not, Small electric household appliances, Tools & miscellaneous accessories, Glassware, tableware & household utensils, Medical goods & other pharmaceutical products, Therapeutic appliances & equipment, Bicycles, Recording media, Games, toys & hobbies; sport & camping equipment; musical instruments, Gardens, plants & flowers, Pets & related products, Books & stationery, Audio-visual, photographic and information processing equipment, Appliances for personal care, Jewellery, watches & clocks, Other personal effects.

Special forms of trading

All retail sales not in shops and stores; including sales via the internet, mail order, TV shopping, party plan, vending machines, door-to-door and temporary open market stalls.

Gross ground floor footprint floorspace

The area shown on the Ordnance Survey map or other plans as being occupied by buildings and covered areas measured externally.

Gross retail floorspace

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.

Net retail sales area

A new set of definitions for retail planning has been prepared by the National Retail Planning Forum (NRPF). The definition for all retail shops and stores other than foodstores was widely supported during initial consultations by the NRPF, and is as follows:

The area within the walls of the shop or store to which the public has access or from which sales are made, including display areas, fitting rooms, checkouts, the area in front of checkouts, serving counters and the area behind used by serving staff, areas occupied by retail concessionaires, customer services areas, and internal lobbies in which goods are displayed; but not including cafes and customer toilets.

For foodstores, an alternative definition of 'net retail sales area' has been put forward by the Competition Commission, and is supported by the majority of major foodstore operators. This is as follows:

The sales area within a building (i.e. all internal areas accessible to the customer), but excluding checkouts, lobbies, concessions, restaurants, customer toilets and walkways behind the checkouts.

The NRPF's definition could be applied to all shops and stores including foodstores, but differs from the way in which the majority of major foodstore operators currently publish details of their store sizes. The Competition Commission's alternative definition is believed to reflect the latter more accurately.

For retail planning purposes, the main consideration is to ensure that comparisons of floorspace and published sales densities are on a like for like basis.

Net to gross ratio

The ratio of net retail sales area to gross retail floorspace in a stated retail location.

Retail sales density

Convenience goods, comparison goods or all goods retail sales (stated as including or excluding VAT) for a specified year on the price basis indicated, divided by the net retail sales area generating those sales.

Floorspace efficiency factor

The percentage by which a retail sales density is assumed to increase annually in real terms over a stated period.

Design year

The design year 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.

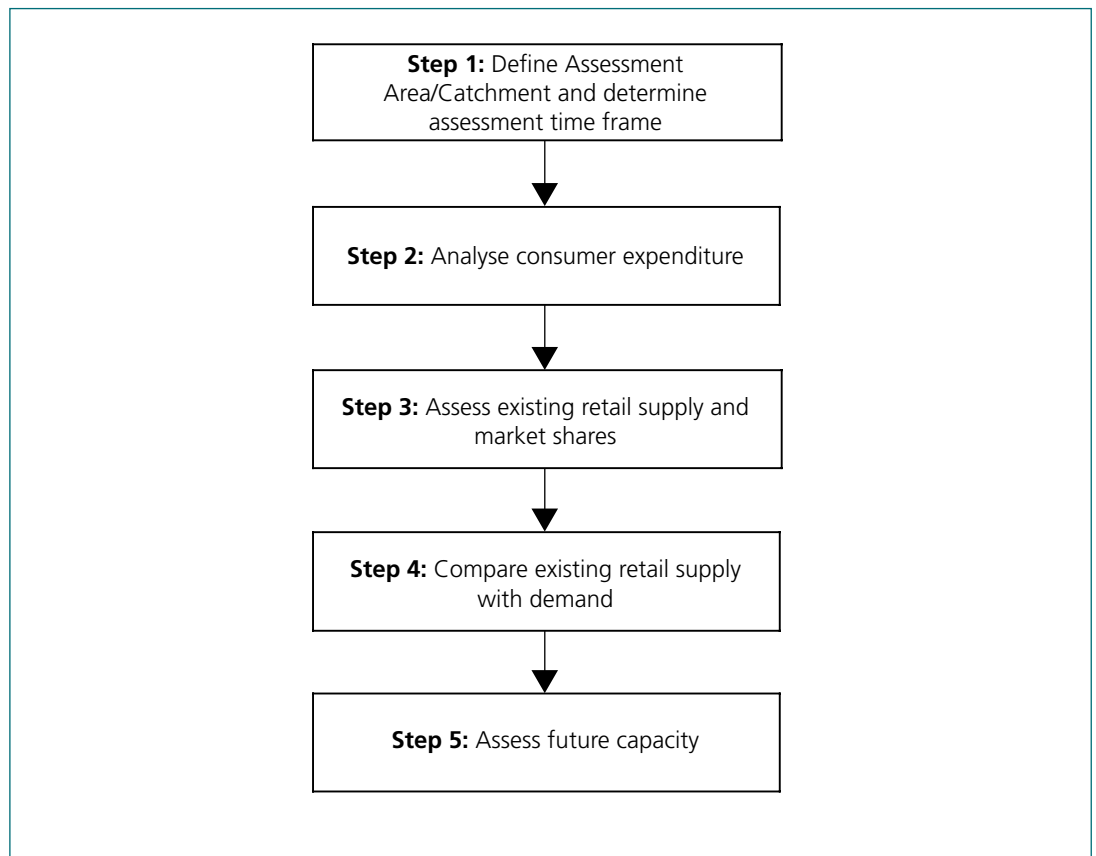
Retail employment

The number of full time equivalent jobs within a store, shopping centre or other retail facility, based on a stated ratio of full-time to part-time jobs. Consideration should be given to the net effects of proposals on overall employment, having regard to possible displacement of jobs arising as a consequence of their impact.

APPENDIX B: Quantifying retail need

INTRODUCTION

- B.1 This appendix considers the key steps involved in preparing a quantitative need assessment for a retail proposal, or to test a policy option as part of preparing an LDF. It should be used as part of the ‘tool kit’ for preparing effective town centre strategies and assessing applications, in parallel with the other important considerations outlined in policy and explained in more detail in the guide. In particular, qualitative considerations are likely to have a key bearing when assessing retail need.
- B.2 While need assessments tend to focus on expenditure growth and demand, it is axiomatic that any new development will have some impact on existing facilities either by diverting **existing** sales or diverting **future** sales which would otherwise arise as a result of future growth.
- B.3 In these circumstances, forecasts of ‘retail need’ should not be regarded as prescriptive, and inevitably involve judgements and ultimately policy choices, which raise related impact considerations. These are described in Section 5 of the guide and Appendix D.
- B.4 Figure B1: identifies the 5 stages of analysis conventionally undertaken to examine quantitative need.

Figure B1: Key steps to quantitative need assessments

STEP 1: DEFINE ASSESSMENT AREA AND DETERMINE ASSESSMENT TIME FRAME

i) Study area

- B.5 The study area which is to be the subject of the assessment needs to be carefully defined in the context of the objectives and the type of assessment. Where assessments are to inform the preparation of development plans, it is important that the area is drawn sufficiently widely to thoroughly examine the relationship between centres and their catchments, including any neighbouring centres and areas where these have relationships with the planning authority area.

- B.6 Where a regional, sub-regional or local assessment is to be undertaken, and household interview survey data is to be commissioned to accurately define the catchment areas and market shares of the centres being considered, it is important to define the initial survey area sufficiently widely to capture the combined sphere of influence of the centres. There are published data sources which give an indication of the extent of a centre's retail catchment which may be used for this purpose.
- B.7 Where such data is not available, it may be possible to define the likely catchment area of a centre having regard to the location of its principal competitors and the road network/ease of access. This can provide a reasonable basis on which to define an assessment area for the purposes of commissioning household survey data. 'Judgement based' assessments of individual catchment areas, particularly in urban areas, are unlikely to identify the complex interrelationship between different centres within any given area and should be avoided.
- B.8 In the case of 'higher level' centres of more than local importance which are likely to have a regional or sub-regional role, their catchment area is likely to be extensive and will incorporate the catchment areas of smaller centres of local importance. The appropriate assessment area is likely to be defined by the location of other similar regional or sub-regional centres, although the relative strength and interface between the catchment areas of such centres may have a key bearing on the outcome of such assessments. In the case of smaller centres and traditional market towns, the extent of the catchment area may be reasonably well defined, having regard to the location of competing centres. However, a centre's market share within the catchment, and the amount of expenditure taken by larger or higher level centres should be a key consideration.
- B.9 In the case of district centres, or large foodstore proposals, the appropriate survey area will be influenced by the proximity of other similar types of facility, although qualitative differences such as the identity of the operator, age/convenience etc. can all lead to significant overlap between the catchment areas of such facilities. Equally, the catchment areas of destinations such as retail parks, or free standing retail warehouses, can be influenced to a significant extent by the identity of the operators. Some types of facility, for example factory outlet centres, can serve an extensive catchment area, with relatively low levels of market penetration. Others serve a much more localised catchment. These potentially significant variations should all be taken into account when judging the appropriate assessment area to employ.
- B.10 Drivetime isochrones have been used in some cases to provide an indication of the likely catchment area of particular proposals and to illustrate levels of accessibility to existing facilities. However, while it may be possible to draw some general conclusions about the likely extent of the catchment area for different types of development on the basis of isochrones, there are a number of factors which will

influence the potential catchment of retail/leisure and other facilities including, inter alia, the scale and attractiveness of the development, accessibility, parking provision and the distribution of competing facilities.

- B.11 Clearly facilities serving any extensive rural catchment are likely to draw their custom over a wider drivetime isochrone than facilities in a more dense populated urban area. As such, the use of highly generalised assumptions about drivetime isochrones as a proxy of an existing/proposed facilities catchment area should be treated with caution. In every case, the use of up-to-date household interview survey data and/or in-store survey data to define the actual extent of its catchment area is likely to provide a better indication of the area for consideration.
- B.12 Once the assessment area has been established, it is recommended that the area is divided into zones or sub-areas. This will enable more detailed analysis of the interrelationship of the roles and functions between different centres. The choice of the assessment area and definition of sub-areas requires careful consideration. At regional level, sub-areas are likely to constitute local authority administrative areas. Although caution should be exercised as sub-regional areas may differ from local authority administrative areas. At the local level, sub-areas are likely to comprise the catchments of individual centres, ward boundaries, or postcode sectors.
- B.13 The use of postcode sectors is generally recommended as a means of coding survey responses, and population/expenditure data is widely available based on postcode geography. However, postcode district and sector boundaries tend to be somewhat arbitrary and it may be necessary in some cases to analyse smaller areas when considering very localised issues.

ii) Base and forecasting years

- B.14 Once the assessment area and sub-areas have been defined it is important to determine the time frame of the assessment. It is recommended that the year the assessment is undertaken is adopted as the starting point. This is the 'base year'. For need forecasts intended to support development plans, it will be necessary to define appropriate forecast years and in the case of specific proposals, to identify an appropriate 'design year' for need/impact testing. When preparing quantitative need assessments to inform the preparation of development plans, forecasts should also be prepared for intermediate five year intervals. In the case of regional assessments, national policy requires these should cover the spatial strategy period (normally 15-20 years) and assess the need for additional floorspace for five year periods within this.

- B.15 For local assessments, national policy requires that these should cover the period of the development plan document and thus should be up to 10 years ahead. It is recommended that an interim five year forecast is also made. Interim forecasts will enable short and longer term decisions to be made about the future development for an area. At the local level it will inform the allocation of sufficient sites to meet the need for the first five years from the adoption of the plan, as required by national policy. For site specific assessments, national policy is clear that the forecast year should normally be no more than five years ahead. This would however not preclude assessments which have a time period which are less than five years.

STEP 2: ANALYSIS OF CONSUMER DEMAND

i) Population estimates/distribution

- B.16 Population and expenditure estimates need to be derived for each sub-area within the area covered by the assessment in order to establish the existing consumer demand at the base year, and will enable projections to be made for each sub-area to the forecast year or design year as appropriate.
- B.17 Population estimates are available from sources such as census data and electoral registers. Forecasts by postcode and expenditure estimates per head for any given area are conventionally derived from specialist data providers. It may also be relevant to consider whether national expenditure growth forecasts need to be reviewed to reflect regional variations. This could be part of the regional assessment to underpin the RSS.
- B.18 In the case of local area or site specific assessments, it may be relevant to factor in local population changes – for example major planned new housing developments, new settlements etc. This may have a key bearing on local needs and the case for new district/local centres. However, in such cases it will be important to avoid ‘double counting’ and to understand the timing of new development and implications for phasing etc.

ii) Local expenditure estimates

- B.19 It is important that the expenditure per head estimates for the population in the assessment area are adjusted to the correct price base. It is recommended that a constant price base be adopted to ensure that all monetary figures are given in real values and discounted for the effects of price inflation.

- B.20 It is important to build a clear picture of current expenditure patterns within the assessment area, and between the individual sub-areas which have been identified. This will allow decision-makers to create a more accurate picture of shopping patterns of different types of goods which need to be planned for. It will also help identify any significant 'leakage' or outflow of expenditure to competing destinations and provide a means of identifying relative deficiencies and opportunities for new development and, where appropriate, 'clawing back' expenditure (see below).
- B.21 The pattern of expenditure is likely to vary considerably between different parts of the area, particularly in the case of regional assessments. In such cases, it may be appropriate to produce individual per head expenditure estimates for the different sub-areas. These will need to be informed by the application of per head expenditure growth rates which should draw on national long-term trends, but may also have regard to expectations about future regional economic performance and to recent evidence of retail growth. It is however recommended that these growth rates should generally adopt a conservative level of growth in order to reflect the inherent uncertainty in economic forecasts, and the cyclical nature of the retail sector.
- B.22 In all cases caution should be exercised to ensure that growth assumptions are realistic and do not over or under estimate the level of anticipated growth. Where capacity assessments are highly dependent on expenditure growth, it may be appropriate to test the consequences if forecast growth fails to materialise. These considerations apply equally to regional, local and site-specific assessments. Equally, population growth estimates need to take into account anticipated growth arising from local and regional housing and employment strategies, and consider the implications if planned growth fails to materialise.
- B.23 Total available retail expenditure can be obtained from estimates for different categories and classes of retail goods.
- At regional and sub-regional level, assessments can be reasonably broad brush and confine themselves to assessing the need for comparison goods as a single category, although more detailed assessments may assist in identifying the relationship between higher level centres and major out-of-centre development. Convenience expenditure assessments at regional level are unlikely to be necessary given the local nature of convenience shopping.
 - At the local level, assessments should assess the need for retail development, including forecast expenditure for specific classes of goods to be sold within the broad categories of comparison and convenience goods¹.

¹ See Glossary for brief description.

- Site-specific assessments relate directly to the classes of goods to be sold. Where such assessments confine themselves to broad categories of goods this may be insufficient to demonstrate that need exists to justify a proposal.
- B.24 In all cases, consideration may need to be given to spending on special forms of trading. This is expenditure that does not take place in shops, such as internet shopping, mail order, through vending machines and market/roadside stalls. Specialist data providers will be able to provide a percentage figure for these, but judgements will be needed concerning future trends.
- B.25 Expenditure should be calculated for the assessment area and the constituent sub-areas for both the base and forecast years. This enables the amount of 'growth' in available expenditure to be identified. Within the assessment area the generated expenditure is calculated by multiplying the resident population by the estimate of average spend per head. It is recommended that this calculation is undertaken for each sub-area.

iii) Inflow/outflow of expenditure

- B.26 However widely a study area or a specific proposals catchment area are drawn, it will always be necessary to understand the complex pattern of inflows and outflows of spending. No retail catchment is entirely self contained. Outflows, or leakage, can be identified by consumer surveys in the area.
- B.27 Inflows of retail expenditure from people living outside the assessment area are likely to be particularly significant if the assessment area contains higher level centres and/or is a popular tourist destination. The main types of in-flow are:
- Long distance shopping trips: the amount of spending from this source can be determined from household surveys carried out in adjoining areas or should be estimated by reference to the best available sources.
 - Workers: a large daily working population will generate retail expenditure. For major employment areas the spending produced by workers who live outside the survey area should be estimated and included.
 - Tourists: visitors from the UK and overseas may, for certain locations, be an important generator of retail expenditure. Using survey data, where available, the spending from this source should also be estimated and included.
- B.28 The existing level of such 'inflow' can be estimated based on 'in centre' surveys. Estimates should be made of the extent to which the scale of inflow retail expenditure is likely to change through to the forecast year(s) and in real terms.

STEP 3: ASSESS EXISTING RETAIL SUPPLY AND MARKET SHARES

- B.29 Having established the level of available expenditure, it is necessary to determine the existing level of retail supply and the distribution of market shares. The existing provision of retail floorspace should be determined in the first instance. This is essential since it is almost impossible to derive a robust estimate of future quantitative need for the assessment period if the existing floorspace supply is unknown. It is important that all retail floorspace is included in such assessments (in-centre, out-of-centre and out-of-town). Where information on net sales floorspace is unavailable it will be necessary to undertake or commission a thorough audit of the existing level of retail provision.
- B.30 As well as estimates of floorspace quantity, a survey of retail occupiers should ideally be carried out. This will ascertain information on the quality of the retail offer, the physical condition of the floorspace provision (e.g. size and configuration of units) and the trading performance of the shops. This would normally form part of a town centre 'healthcheck'. Consideration of the quality, range and choice of existing facilities, and their trading performance are integral to the assessment of qualitative needs and consideration of impact (see later).
- B.31 Having established the existing quantity and quality of floorspace provision at the base year it is important to establish the current market shares in the assessment area. This is the existing pattern of shopper behaviour and retail consumer expenditure flows for different categories and classes of retail goods within the assessment area.
- B.32 The use of bespoke survey and published data on local shopping patterns is preferred. Household surveys of customer shopping habits and on-street surveys of shoppers' views and perceptions will enable existing patterns to be identified as a basis for conducting regional, local and site-specific assessments. Where such surveys are undertaken, it is recommended that they at least cover the whole of the plan area and/or the potential catchment area of the proposal in question. However, there are important benefits if the survey can be extended to cover other adjoining and nearby areas as this will inform the extent of in-flow expenditure from beyond the plan or site-specific catchment area.
- B.33 The most cost-effective form of household survey is by telephone. A minimum of 100 completed interviews per identified sub-area is recommended. It is important that these surveys quantify shopper behaviour for the separate categories and classes of goods, depending on the type of assessment. It is however important to recognise that these surveys can at best only give a general indication of prevailing market shares and further testing is needed during the impact analysis stage of an assessment.

- B.34 Also, surveys that use simple questions about where people shop, provide answers that relate to trips and not spending flows. They can also overstate the importance of the larger centres and stores, and can understate the smaller and less frequently visited stores. More reliable information can be provided through detailed household diary surveys where questionnaires are completed for a specific time period. However, such surveys are expensive and time-consuming and are rarely necessary for planning purposes.
- B.35 As well as building up a picture of shopping patterns catchment areas etc., the main purpose of the survey data in quantitative analysis is to enable a 'baseline' picture of the market share and indicative turnover of existing centres and stores, and where their trade is derived from. This is fundamental to the assessment of what, if any, surplus capacity is likely to arise over the study period.

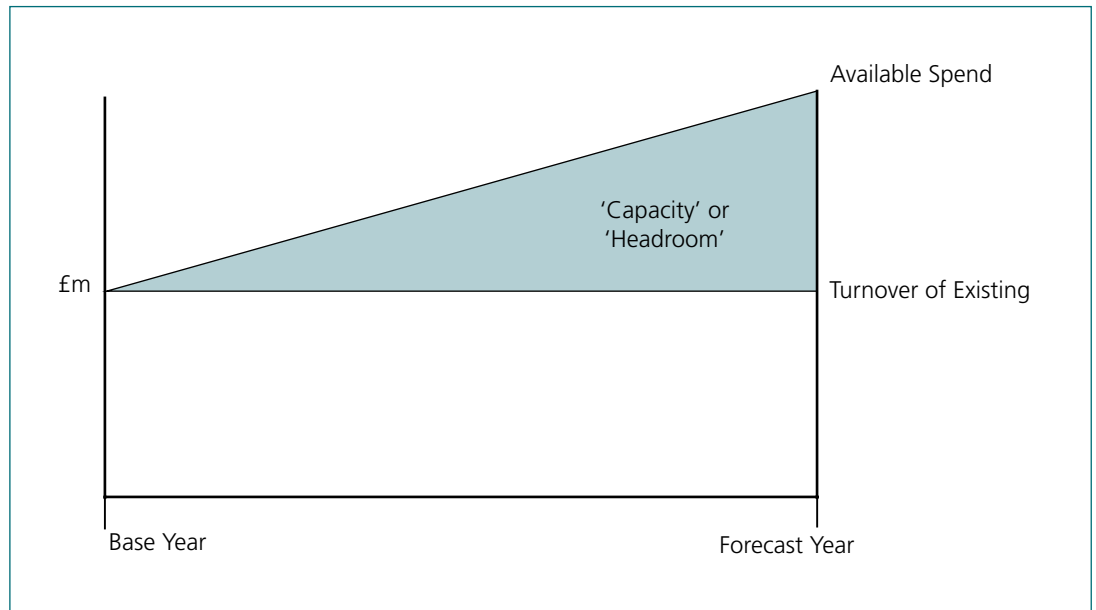
STEP 4: COMPARE EXISTING RETAIL SUPPLY WITH DEMAND

- B.36 Having identified existing expenditure and market shares it is necessary to identify the relative turnover/performance of each centre and establish how the forecast population and goods-based expenditure growth is likely to be distributed within identified sub-areas.
- B.37 The estimated turnover of existing centres, and, depending on the nature and level of detail of the assessment, key stores derived from household survey-based data, should, wherever possible, be cross-checked against actual turnover figures from other sources (e.g. the retailers themselves), where these are available. The household survey will determine the levels of available retail expenditure retained by individual centres and the plan area as a whole.
- B.38 This information establishes the base year market shares and can be calculated for both comparison and convenience goods categories. For centres which attract long-distance shopping trips and/or which benefit from commuter and tourist expenditure, it is important that allowances are made for turnover contributions from these sources within the study area by applying the market shares to available spend.
- B.39 Having established the current turnover of existing centres/stores as accurately as possible, it is essential to be clear whether this represents a reasonable baseline for forecasting purposes. In other words, are existing facilities trading broadly in line with 'acceptable' levels, or is there evidence that facilities are underperforming or trading at such high levels that 'overtrading' is occurring.

- B.40 Where practicable, 'benchmark' turnovers should be established for different types of centre/store, when compared to the actual turnovers calculated. This approach allows the determination of how existing floorspace is performing. Where actual turnover significantly exceeds benchmark turnovers then existing floorspace may be overtrading. Conversely, if actual turnovers are significantly less than the benchmark turnover then existing floorspace may be undertrading.
- B.41 In practice, it is often difficult to devise meaningful benchmarks for an 'acceptable' performance of a whole centre, or even a single store. Where it is possible to obtain robust information, the use of benchmarks is encouraged. However, given the limitation of data availability this may not always be possible.
- B.42 In the context of the Government's objectives to sustain and enhance existing centres, and encourage greater efficiency, retailers are unlikely to regard their turnover as too high. In the case of specific types of provision such as foodstores, company average turnover figures are widely available and may provide an indication of a 'benchmark' turnover for existing facilities. However, such turnover benchmarks should not be used prescriptively or used in isolation to indicate a measure of 'need'.
- B.43 It is important to recognise that a range of factors such as rental levels and other operating costs mean that operators are likely to trade at a wide range of turnovers. Given the inherent margins of error involved in this type of exercise, the use of company averages as benchmarks should be treated with caution unless they are corroborated by other independent evidence of under-performance, or strong trading. Examples might include the results of in-centre health checks which can provide evidence of rents, yields, vacancy rates and retailer demand, or the extent of congestion in store, and queuing at checkouts.
- B.44 Where company averages are used, it is recommended that these are weighted up or down as appropriate to reflect local circumstances. For example, the affluence of the area, the type and size of stores and the costs of the location to retailers are all relevant considerations).

STEP 5: ASSESSING FUTURE CAPACITY

- B.45 In crude terms, assuming existing centres/stores are trading in line with appropriate benchmark levels at the established base year, a comparison between current and forecast turnover levels will give an indication of expenditure 'surplus' or capacity likely to be available within the assessment area by the end of the forecast period. The basic principle is illustrated in Figure B2.

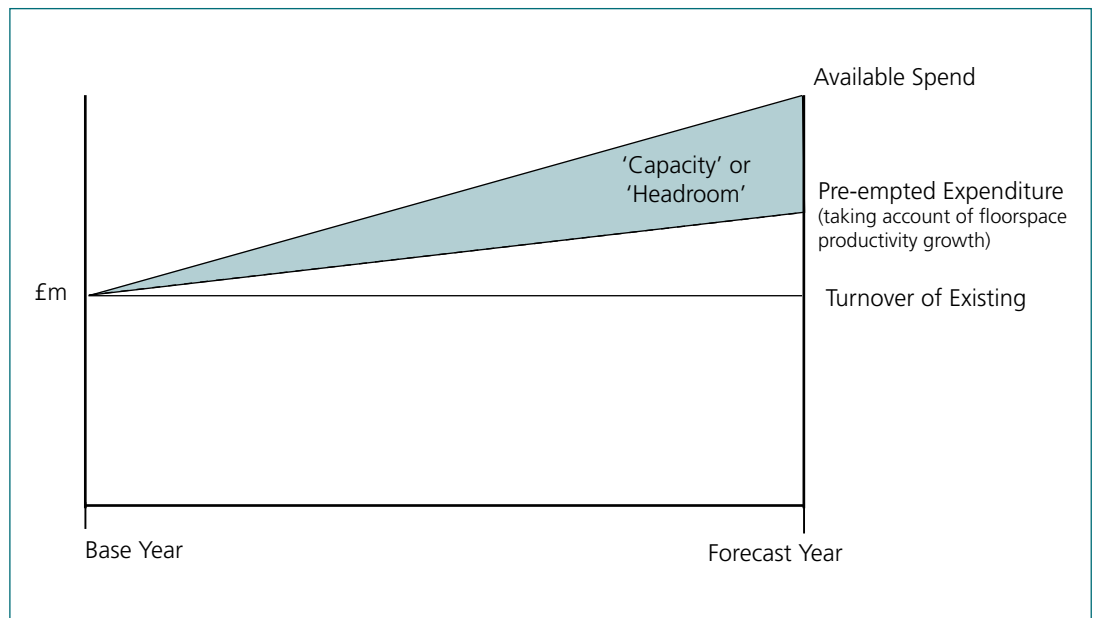
Figure B2: Basic approach to assessing expenditure capacity

- B.46 When comparing current/forecast turnover levels against benchmarks, it may be necessary to consider whether underperformance or 'overtrading' is confined to certain elements of the current retail offer, or is universal. For example, it may be concluded that a large modern food superstore is significantly 'overtrading' but other convenience stores in the area are trading badly. This would suggest there is no overall quantitative need, but there may be a qualitative 'need' to improve the quality/performance of existing stock.
- B.47 When assessing future capacity three important considerations will influence the outcome of this part of the assessment:
- Productivity growth assumptions.
 - The baseline position and sales turnover considerations.
 - Market share assumptions.

i) Floorspace productivity

B.48 Reflecting national policy, capacity assessments should take account of expected improvements in store ‘floorspace productivity’ for both convenience and comparison floorspace, irrespective of location. This is done by retail assessments making an allowance for this when forecasting expenditure growth (see Figure B3). Retail capacity forecasts can be highly sensitive to the rate of growth in sales density assumptions. It is therefore very important that assumptions are realistic. The choice of the most appropriate level of growth to include in an assessment will ultimately depend on individual circumstances, and in particular the capacity of existing floorspace to absorb increased sales. Assumptions about how much allowance should be made for floorspace productivity growth should be carefully considered and properly justified. (It is also important that selected rates of growth in floorspace productivity are compatible with assumptions about the growth in per capita expenditure.)

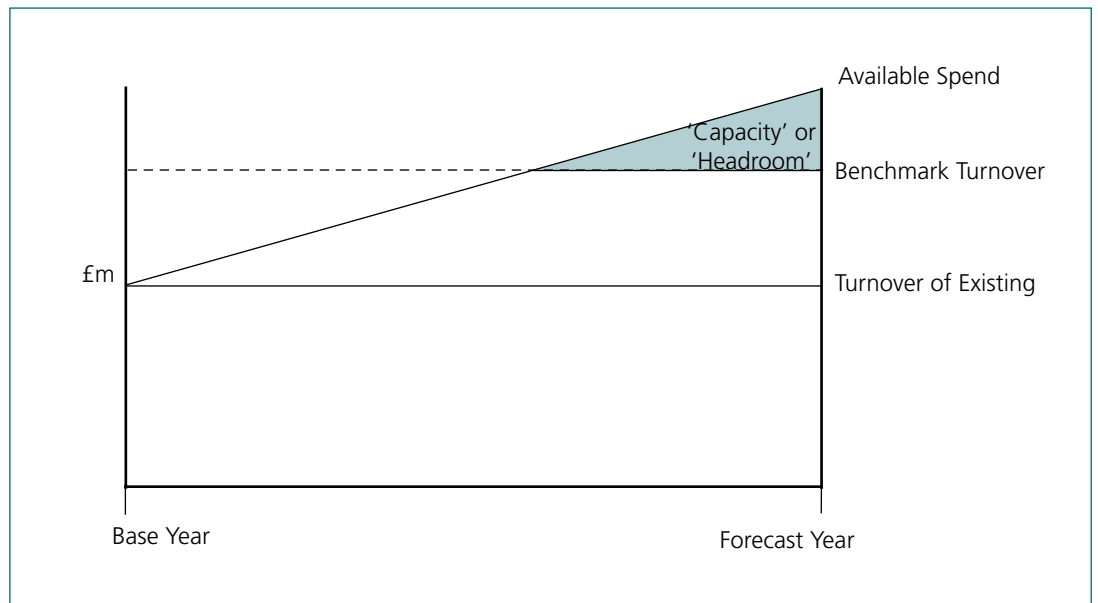
Figure B3: Allowance for improved productivity in assessing expenditure capacity



ii) Baseline position

- B.49 The base year is often taken as the starting point for capacity projections, as there is corroborating evidence of existing centres underperforming against the relevant health check indicators. The advantages of adopting the base year as the starting point for capacity forecasting are that current trading conditions can be corroborated by other health check indicators such as vacancy rates, pedestrian flows, rents/yields etc. Such an approach also enables some form of consistency between assessments.
- B.50 However, it will be relevant to test this assumption based on the circumstances of each core. Figure B4 shows the effect on available capacity when a higher benchmark sales turnover is applied at the base year.

Figure B4: Application of higher than base year ‘benchmark’ sales turnover



- B.51 Where the quantitative analysis indicates that existing retailers are achieving very low levels of turnover per sqm, for example as measured against their indicated company average sales or comparable exercises in other centres, it may be appropriate to apportion a higher level of forecast expenditure growth to support existing floorspace, either by setting a higher benchmark sales level, or applying a higher floorspace productivity factor.

- B.52 Alternatively, it may be appropriate in some cases to factor in a lower 'benchmark' turnover, where existing capacity exists to accommodate new development. This may be the case where, for example, a centre has failed to secure new floorspace for several years during which high levels of spending growth have occurred. This 'latent' need may be supported by indicators such as congestion/overcrowding limited availability of modern prime retail space, and high levels of demand.

iii) Market share assumptions

- B.53 It has become common practice for need assessments to forecast quantitative needs based on current, i.e. constant, market shares. In effect this means that centres and retail destinations with the highest market share are assumed to attract the highest proportion of forecast expenditure growth. In practice if applied to policy this serves to maintain the 'status quo' as the largest and most successful centres will be identified as having the greatest capacity and, as a consequence, will be the focus for identifying new development sites.
- B.54 While in some cases it may be appropriate, in policy terms, to seek to maintain the status quo and apportion forecast expenditure growth in this way, there are many circumstances where this will not be appropriate. These are considered in some detail in the guide. Factors including; the level of population/expenditure growth identified; the sustainability of the current network of centres; and the potential of certain centres to accommodate significant development and/or others to decline will all have a key bearing on what assumptions are made about future market shares and which options are tested.
- B.55 In every case it will be important to adopt an holistic approach, considering both quantitative and qualitative needs and other factors, including the availability of sites and development opportunities, and impact considerations in order to identify and test alternative options and develop a preferred strategy. It is inevitable that any new development will have some effect on current market shares. Where regional or local development plans are based upon changes to the current network, or proposals are predicated on significant changes in market share, it will always be necessary to consider the impact of these changes on the existing network of centres.

Appendix C: Assessing the scope for other town centre uses

- C.1 This Appendix sets out guidance on the assessment of need and impact for leisure, office and cultural uses and how the principles used to assess retail need and impact may, where appropriate, be applied to such uses.
- C.2 In general terms the same principles that apply to the assessment of need for and impact of new retail development also apply in relation to leisure development. But there are a number of important differences and constraints which mean that the approach to be taken to assessments for leisure uses cannot be the same as for retail assessments, including:
- Less detailed and reliable information is available, although for some facilities it is improving.
 - Less planning authority/industry experience in undertaking need and impact assessments for such uses.
 - Greater diversity and change in the sector over time in the range of activities and associated property requirements due to the sector's dynamic nature.
 - Greater elasticity of demand for leisure activities when compared with the retail sector.
- C.3 As with retail assessments, the scope and level of detail required will depend on whether the assessment is required for plan making (at regional or local level) or whether it is required for the determination of planning applications. Further guidance on this is set out below, but in general terms, leisure needs assessments may usefully be underpinned by the following components:
- An understanding of the demographic profile of the area, in particular, the age and socio economic profile of the existing population and forecast changes in population, as these are likely to significantly influence the demand for leisure facilities in the area (this information should be no different to retail assessments).
 - An estimation of the likely expenditure per head of population on leisure activities for the base and forecast/design years, as per retail assessments - using household surveys and other information and research, where possible.
 - Discussions with the leisure industry about the likely level of demand for leisure facilities in an area.
 - Assessment of the current level of provision of leisure facilities and benchmarked against levels of provision in similar areas elsewhere, where possible using published data sources.
- C.4 To date, most leisure assessments have been based on relatively simple comparisons between available spend or participation rates within a defined catchment, compared with existing/committed facilities (i.e. a simple 'ring fenced' model). This approach may be refined to make some allowance for the inevitable overlap between different catchment areas and the catchments of different types of facility, or to reflect qualitative considerations.

- c.5 There are now also estimates of expenditure per capita on eating and drinking facilities (in Use Classes A3, A4 and A5), and other key leisure pursuits such as Nightclubs for example. There are also estimates of expenditure growth for such facilities which can be used to establish the overall growth in available expenditure. These can be used to provide a broad indication of the scope for additional facilities likely to be needed in an area, although in practice depending on their scale, quality and unique characteristics, catchments can vary widely which makes conventional quantitative assessments difficult.
- c.6 Because expenditure rates and participation rates are highly elastic it is important to treat any findings from such assessments with caution and sensitivity test them to establish their overall robustness. Similarly, it is important to avoid taking information such as ratios or 'rules of thumb' and applying them out of context or placing too much reliance on a single answer.
- c.7 The assessment of need for additional leisure floorspace at a regional level should provide an indication of the overall level of need in broad terms. The main task at a regional level is to use the information about need to help inform the identification of the broad locations where strategically important leisure development might be located, and to inform the review of the wider regional spatial strategy. For local needs assessments and in relation to site-specific assessments, the geographical scale of the assessment will be more limited, but there may well be more reliable and detailed information available to help inform the assessments.

i) Cinemas

- c.8 The cinema sector has traditionally provided the anchor development of many leisure schemes as these facilities secure sufficient footfall and financial viability. Local authorities also commonly see good quality cinema facilities as an essential requirement for their local communities.
- c.9 To ensure that appropriate provision is made for cinema facilities, local assessments should identify the level of provision of existing facilities and determine their quality and distribution. An estimation of levels of accessibility in terms of typical drive times will give a crude estimation of the catchment population and will enable any deficiencies in existing provision to be identified. It will also provide a broad indication of how many screens an area can support.
- c.10 Commercially available data² and local surveys will assist in determining the level of provision. Benchmark standards of ratios of cinema screens per unit of population can be used to measure whether an existing catchment area is currently 'under' or 'over' served, and whether there is scope for new facilities arising out of any expected population growth.

² Donoda Research, for example, provides detailed information on rate of cinema visits/cinema audience, multiplex penetration and city and regional variations.

- C.11 However, there is a need for caution in undertaking such crude assessments as they rely to a significant extent on defining self-contained catchments, and/or estimating the effect of overlapping catchments. They often rely on comparisons with current average rates of screens per capita, which do not necessarily respond to future changes in participation and could be highly elastic. Small adjustments in visit/participation rates can also result in a considerable variation in estimated need and demand for facilities. In these circumstances there is a need to sensitivity test the methodology used, such as for example using different drive times for catchment areas accompanied by a series of decreasing visitation rates which reflect the relationship between frequency of visit and distance travelled.
- C.12 Qualitative considerations may be important in assessing the need for cinemas, such as for example the existing range/quality of cinemas in an area and their accessibility to the catchment and other qualitative measures. Discussions with key cinema providers will yield additional information about the scale of commercial demand for facilities in an area.
- C.13 When assessing the impact of proposed new facilities (primarily in the case of site-specific assessments), the extent to which proposals are likely to affect established destinations within existing centres (in terms of the draw of visitors away from commercial leisure facilities) will be a key consideration.
- C.14 The above principles also apply to other commercial leisure sectors such as Bingo, indoor bowling and family entertainment centres. Assessments of provision for such facilities at regional level, including cinemas, is unlikely to be needed.

ii) Intensive sport and recreation

- C.15 Intensive sport and recreation facilities, such as health and fitness centres, are town centre uses to which national policy applies. Like many forms of commercial leisure (such as cinemas), they make intensive use of land, normally comprising built facilities which attract a large number of visits.
- C.16 The Government recognises the important health and social benefits of participation in sport and has set a target that almost no-one, whether in rural or urban areas, should live further than 20 minutes travel time of a good multi-sports facility³ whether that be provided in a school, a sports club or leisure centre. To achieve this, more public and private investment is needed to secure good sports facilities as which are fit for purpose, suited to the varying needs of communities and in the right place.

³ Department for Culture, Media and Sport Five Year Plan: *Living Life to the Full* (DCMS, March 2005)

- C.17 The planning process can help to ensure that facilities are developed which are accessible and in the locations where they are most needed. It is important therefore that the need for such facilities is carefully assessed in order to ensure that appropriate future provision for development opportunities is made in development plans. Assessments of need for such facilities are best undertaken at local level given that needs vary considerably from area to area.
- C.18 A crude way to calculate additional floorspace capacity requirements for such intensive sport and recreation facilities (public and private) is to compare actual membership levels (i.e. participation rates) within a defined assessment or catchment area with existing membership places that are available, taking account of local population growth rates from the assessment base year over the assessment period. Changes in population, including within particular age groups, will be an important variable to take into account in calculating how demand is likely to vary over time. It may also be possible to demonstrate that the popularity of an activity is increasing at an established rate and to use projections to establish that it is likely to continue to do so.
- C.19 This enables crude estimates of future levels of participation to be made and can inform decisions about the amount of additional floorspace or facilities which should be provided for over the plan timescale. Nationally available estimates of club memberships may be a useful source of information, although reliance on the use of national benchmarks should be treated with caution, as participation rates can be highly elastic. For this reason, nationally available estimates should only be ever used as a starting point to test the validity of work done at the local level.
- C.20 Where substantial differences are identified between local and national rates, then the work undertaken at local level should be sufficiently thorough to justify any key differences between national and local data. Local variation can occur for many reasons. For example, there may be a strong local tradition (many sports have regional 'heartlands'), or poor quality facilities locally may have led to lower rates of participation in sport.
- C.21 Careful consideration of overlapping catchments is also an important consideration to avoid double counting and over-assessing the level of need which may exist in an area. There is also a need to take into account the provision of existing facilities such as the existence of local authority health and fitness clubs and smaller local private facilities. Simple on the ground surveys and business directory searches can help identify the number, approximate size and distribution of these facilities.
- C.22 The choice and quality of existing facilities should also be taken into account to inform decisions about future provision. These may include identifying the age/quality/size/type of facilities in an area, taking into account for example the range of equipment in existing facilities and who they serve, and their level of accessibility to the intended catchment.

- C.23 There are a number of tools⁴ available to help authorities assess the need and impact of such facilities. Sport England's website⁵ provides details of techniques, based upon the principles set out in PPG17, that can be used to assess need for intensive facilities.
- C.24 In terms of stadia, new stadium developments should be located in areas with good access to public transport and that where they include additional facilities (e.g. retail and leisure uses) such facilities will need to be compliant with national policy. This means that each additional facility, unless it is genuinely ancillary to the primary use as a stadium, will need to be assessed against national policy.

iii) Casinos

- C.25 Information from the British Gambling Prevalence Study (2000), together with Census demographic data, information from regional tourism boards and existing data suppliers such as Experian, can provide useful information of gambling patterns across types of gaming and other demographic characteristics. It also enables an assessment of casino gambling participation across different age-bands to be made. Such information can be applied at local authority level to establish a resident and tourist 'gambling envelope', as was done in North West England⁶ for example.
- C.26 Such quantitative exercises should however be approached with caution and are at best indicative. The UK casino market could expand significantly. Equally, it is possible that the development of new casinos may lead to a switch from other forms of gambling, and potentially from other leisure activities. It can therefore be anticipated that the overall level of expenditure, and casinos' share of the leisure market, are likely to change.
- C.27 Another consideration is the definition of a realistic catchment area (like any ring fenced approach) and the need to take into account the potential overlapping catchments of existing facilities. Unlike the retail sector, the extent of the likely catchment area of different types of casino is currently difficult to define. Catchment areas are likely to vary considerably. Larger facilities are likely to require and look to larger catchments to sustain viability. The North West England study, for example, suggested a 45-minute drivetime/catchment.

⁴ *Assessing Needs and Opportunities: a companion guide to PPG17* (ODPM, September 2002) provides some general advice on how to undertake local assessments. *Active Places Power* provides a more specific planning tool for investing and planning for sports facilities. The tool is underpinned by a database that holds information on sports facilities throughout England. This includes local authority leisure facilities, as well as commercial and club sites. Further information can be found at www.activeplacespower.co which provides a search facility for a large number of sports facilities including health and fitness clubs and indoor bowls.

⁵ See www.sportengland.org/spatialplanning

⁶ *Casinos in England's Northwest: An Assessment of Market Demand – Final Report* (PION Economics, June 2005)

- C.28 There are also likely to be issues to consider when assessing any benchmark turnover of existing facilities and level of under/over provision in any given area, and when seeking to translate any hypothetical 'capacity' into new facilities. This is because, when contrasted with the retail sector where there is some available evidence of published 'benchmark' sales per square metre for different types of retailer, there is no comparable published data for casinos.
- C.29 Like other forms of commercial leisure development, it will be relevant to consider the impact on existing casino operators or other leisure uses within existing town centres arising from edge or out of centre proposals. In particular, it will be relevant to consider the vitality and viability of existing centres; the strength of their evening economy; and the extent of overlap between existing facilities within the centre and those proposed, in order to reach a judgement as to the likely impact on the centre.

iv) Offices

- C.30 National policy advises that the need for new office floorspace over a development plan period should be assessed. At regional level this should involve forecasting future employment levels in order to inform the identification of broad locations where regionally significant office development may be located. Local need assessments for office floorspace should be informed by regional assessments in terms of the methodology and assumptions employed to assess the need and market demand for new office development and, where appropriate, identify suitable development opportunities in development plans.
- C.31 Guidance on assessing the need for office development set out in *Guide to Improving the Economic Evidence Base supporting Regional Economic and Spatial Strategies* (ODPM, September 2005).
- C.32 In relation to preparing development plans, important points to emphasise are:
- The need for regional planning bodies to take a lead in undertaking and co-ordinating regional and sub-regional analyses of office need – which can then be interpreted locally⁷.
 - The need for consistency with the regional economic strategy.

⁷ See Employment Land Reviews: Guidance Note (ODPM, 2004), Paragraphs 5.9-5.12

- The need to understand and take into account of market demand – which can best be achieved by involving the business community, alongside other key stakeholders, in assessing future land and property requirements⁸.
- C.33 Qualitative considerations, and other wider Government objectives such as regeneration, will also have a key bearing when assessing office needs.

v) Theatres and performing arts facilities

- C.34 Theatre and performing arts⁹ facilities make an important contribution to community life. They can also make a major contribution to the vitality of town centres and can represent significant parts of the cultural infrastructure in our towns and cities. People attend arts venues in large numbers for a wide range of arts and entertainment activity, both as paying members of the audience and also as participants in amateur, community and educational arts activity such as dramatic societies, choirs, youth theatres etc.
- C.35 In assessing the need for new performing arts venue provision it is important to look at existing provision of such facilities within an appropriate catchment. When undertaking such assessments it is important to be aware of the type and scale of theatre operation to be assessed so it can be appropriately benchmarked. When planning for new facilities it is important that the advice of local authority arts and cultural development teams, the regional representatives of the Arts Council England (ACE), and the Regional Cultural Consortium are sought, where appropriate. It should also be noted that the Theatres Trust is a statutory consultee on planning applications that affect land on which there is a theatre and is able to give general guidance on planning matters of relevance to theatres.
- C.36 In preparing local development documents and assessing individual proposals it is important to note that all local authorities were required to prepare a local cultural strategy by April 2004. This should include a review and assessment of existing venue provision and future needs¹⁰. When updating such strategies local authorities have been advised to subsume these into community plans from 2005 onwards. These strategies and plans provide a useful evidence base to review existing provision and should inform the preparation of local development documents. There are also various sources of data¹¹ which will assist in assessing existing provision.

⁸ See Employment Land Reviews: Guidance Note (ODPM, 2004), Paragraphs 3.13-3.20

⁹ These comprise drama (plays), opera, musicals, ballet and other dance, stand up comedy, pantomime, and music including classical, pop, rock, jazz and folk.

¹⁰ A good example is The Rotherham Cultural Strategy.

¹¹ Regional Cultural Consortia all publish regional cultural strategies. The Performing Arts Yearbook lists information on classification of all UK venues. The credit reference agencies collect data on theatre attendance which can be purchased for specific drive-time catchments. Suitable specialist consultants are listed at www.arts-consultants.org.uk. EUConsult is the international representative body for management consultants in the arts and cultural sector. See www.euconsult.org.

- C.37 In addition to quantitative considerations, consultation with key stakeholders is important in assessing the demand for new facilities. Key stakeholders include the regional office of the ACE in the first instance, supplemented where necessary, by existing regional cultural providers such as theatres and non-building based companies such as Orchestras, and touring theatre companies. Other stakeholders might include the regional development agency, local further education and higher education institutions, schools, the amateur and community arts sector and local creative partnerships.
- C.38 Theatres provide social and cultural, as well as economic, benefits. All theatres in the public sector have, as a condition of funding, a remit to engage with children, young people and adults in pro-active educational programmes often based off site. When assessing catchment populations for such facilities, ethnic origin and age data are particularly important in assessing the quality and appropriateness of existing provision.
- C.39 In considering planning applications it worth noting that considerable work is likely to be needed to support an application for public funding for such facilities, often to the ACE capital Lottery programme, the regional development agency or the local authority. Funding bodies typically require evidence of need for the development to be demonstrated by catchment and competition analysis, public and stakeholder consultation. They also require evidence of long term sustainability. This information can help inform the assessment of need from a planning perspective both in terms of plan-making and also development control decisions.
- C.40 Assessment of impact is usually addressed through an analysis of the competition with other similar facilities and the impact on the vitality and viability of any town centres in the catchment area.
- C.41 Assessments of need for Theatres and Performing Arts Facilities are best undertaken at local rather than regional level, although adjoining local planning authorities may wish to work together where there urban areas that straddle local authority boundaries.

vi) Museums and galleries

- C.42 The definition of museums and galleries for purposes of this guidance note excludes those facilities that have a purely commercial use. The Museums Association¹² has developed a definition of a museum that is widely accepted by policy makers and stakeholders. Museums and galleries may be in public, private or voluntary sector control. The key definitional issue is that they operate for the public benefit by providing access to heritage and artistic exhibits.

¹² Museums enable people to explore collections for inspiration, learning and enjoyment. They are institutions that collect, safeguard and make accessible artefacts and specimens, which they hold in trust for society. This definition has been adopted by the Museums, Libraries and Archives Council (MLA). The definition also applies to galleries which have collections.

- C.43 In assessing the need for and impact of museums and galleries, it is important to have regard to a local authority cultural strategy (and after 2004, community plans) which should include policy objectives for museums and galleries. It should be noted that, in two-tier local authority areas, the planning authority and the museum authority may come from separate tiers of local government. There is also a framework of regional Museums, Libraries and Archives Councils (MLACs) in each English region.
- C.44 In considering whether there is a need for an additional or expanded museum or gallery, the following considerations may be relevant. Namely whether there is:
- A ‘gap in the market’- a geographical area not covered by an existing museum; and, a historical, artistic or other interpretative theme not provided by an existing museum.
 - Lack of access to significant collections in existing facilities.
 - Market research demonstrating a public demand for the museum.
 - Support for the development by the Regional MLAC.
- C.45 In considering the impact of any museum and gallery development which is in an edge of centre or out-of-centre location or where a proposal is not in accordance with an up to date plan, account should be taken of:
- The degree to which the development will fit within the local authority’s strategy for cultural and leisure provision as expressed in its cultural strategy, regeneration strategy and community plan.
 - The extent to which the development would put at risk the spatial planning strategy for the area and the strategy for a particular centre or network of centres.
 - The likely effect on future public or private sector investment needed to safeguard the vitality and viability of the centre or centres.
- C.46 In undertaking local need and impact assessments, local planning authorities should consult with key stakeholders, including the Regional MLAC. Regional MLACs will be able to comment upon the likelihood that a new project would achieve the standards of operational quality and service delivery required by the Accreditation standard¹³ and Inspiring Learning for All¹⁴. They will provide this advice within the context of existing regional cultural strategies and regional spatial strategies.

¹³ The Registration Scheme for Museums and Galleries in the United Kingdom has been re-launched as Accreditation. This revised and updated publication is still the only minimum standards scheme for museums and galleries in the UK which measures performance against a set of approved standards. Accreditation draws upon a number of existing museum standards, such as the Spectrum standard for the documentation of collections, to provide a comprehensive set of requirements achievable by museums of all sizes and operation. It incorporates standards and recommends guidelines from other areas such as access, education and the legal side of museum operation.

¹⁴ This is the framework which has been developed by the Museums, Libraries and Archives Council for measuring how people learn in museums, archives and libraries. It consists of

- A framework for planning effective learning opportunities
- Tools for measuring learning outcomes
- Advocacy materials to promote learning as a priority

- C.47 Assessments of need for museums and galleries are best undertaken at local rather than regional level, although adjoining local planning authorities may wish to work together where there urban areas that straddle local authority boundaries.

vii) Hotels

- C.48 There is a range of different types of hotel accommodation, as recognised in the practice guidance on planning for tourism¹⁵. When planning for new hotel accommodation it is important to understand the future need and market demand for a broad range of new facilities so that appropriate provision can be made for their future development and new applications for development can be assessed against any established need.
- C.49 A general indication of need can be derived through ‘gap analysis’ and a planning authority should consider whether there is an absence or paucity of hotel or serviced accommodation, catering to different market segments, within reasonable proximity to serve a town centre or a major visitor attractor. This involves identifying the geographical pattern of hotel room provision in a given survey area by type and standard (i.e. quality rating), and plotting imbalances and shortfalls in the provision and distribution; this ‘survey area’ may be a local authority’s borough boundary or a sufficient drive-time ‘isochrone’ from the town centre or major attractor that a particular hotel proposal is intended to serve. Identifying locational need at this local level serves the purposes of sustainable development by seeking to reduce the need to travel and promoting balanced sub-regional development.
- C.50 It may be relevant to refine this gap analysis on the basis of the occupancy levels per quality rating. Hotels cater to different market segments and while occupancy rates may be low at one end of the market, there may be turnaway trade occurring at the other end due to high levels of demand in that segment leading to hotels being booked up to capacity. High annualised occupancy rates (where seasonal fluctuations cause instances of turnaway trade) in a given market segment are an indication of local hotel need. Occupancy rates rise as demand for hotel facilities increases, when occupancy rates rise to the point that turn-away trade occurs in accommodation of a certain quality category there is a need for additional hotel facilities catering to that market segment.
- C.51 It is possible to assess quantitative, by comparing the current and projected demand for staying visitor nights, with available and planned stock in each category. The starting point is to establish the existing stock of hotel rooms in a given survey

¹⁵ *Good Practice Guide on Planning for Tourism* (2006) identifies several types of hotel accommodation: major hotels; other hotels; budget hotels, motels and travel lodges.

area¹⁶ using a variety of data sources¹⁷, and categorise them by their quality ratings to indicate which market segment they serve. Although regional assessments may wish to identify a broad need for hotel accommodation across a region, the assessment of need for hotel accommodation is normally best undertaken at local level where it may be appropriate to differentiate between the need for different market sectors (e.g. business, short stay and holiday/visitor accommodation).

- C.52 The next step is to establish the existing average annualised occupancy rate per quality category (i.e. the average occupancy rate among the number of hotels in each quality category), noting the range of seasonal fluctuations in occupancy. Where occupancy levels are above optimal levels, indicated by instances of turn-away trade in a given quality category, then need is demonstrated in that specific market segment. If the occupancy levels in each quality category are within the optimal range, projected increases in visitor numbers may pressurise the existing hotel stock.
- C.53 Estimates of growth in tourism and visitor activity can be identified using an econometric approach (based on global GDP projections and the consequent impact on tourism trends) and/or through discussions with the tourism industry in the context of future long-term growth trends at a regional, sub-regional and local level. Once the increase in visitor numbers is established it may be necessary to consider other factors, accounting for expected trend shifts, in order to estimate the number of extra visitor nights that the hotel provision will be expected to accommodate over a given time horizon. These include:
- Average number of staying nights spent by foreign and domestic visitors.
 - Estimated percentage of visitors who stay in hotels.
 - Estimated average number of people per room.
- C.54 This information is used to calculate the estimated percentage increase in staying visitor nights, which can be used to grow the existing room stock in each quality category, preserving the same occupancy levels.
- C.55 Having established a gross need by category, the final stage is to subtract any hotel commitments or developments coming through the pipeline (or anticipated loss of rooms) to leave a residual hotel room need in each quality category in a given survey area.

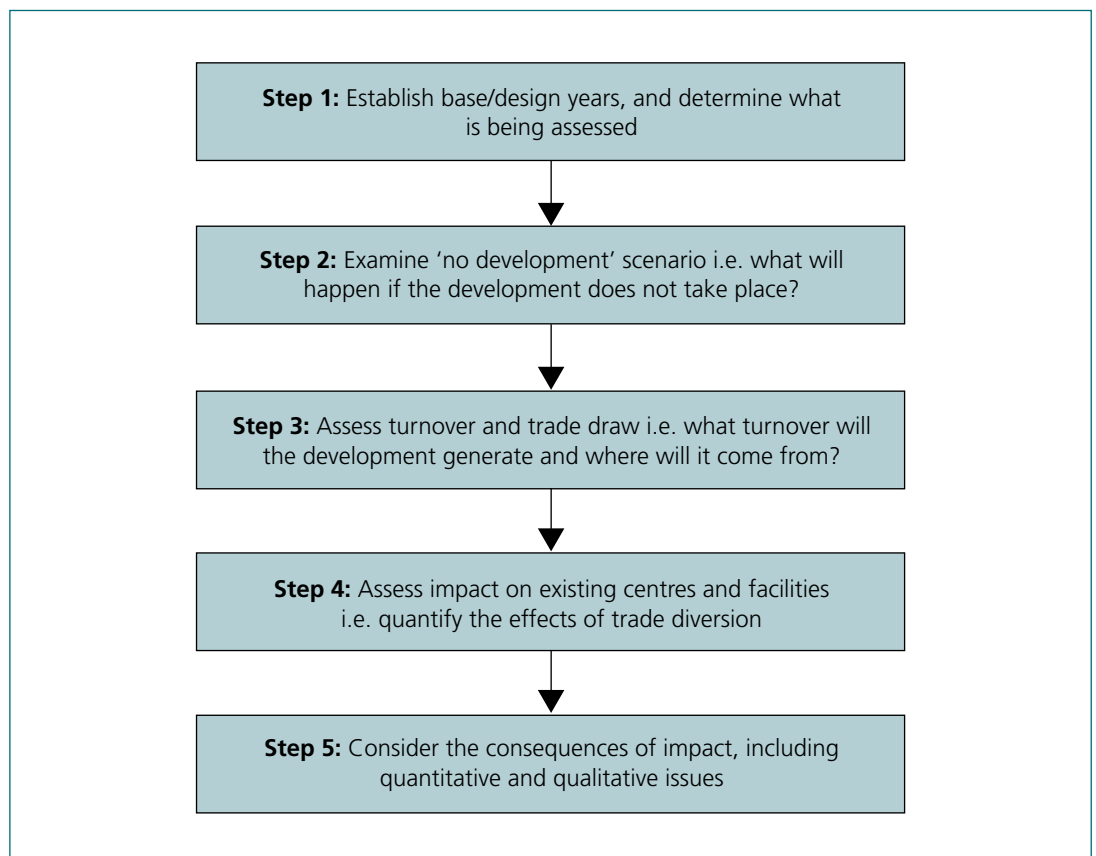
¹⁶ This survey area can be a local area surrounding a particular town centre or major visitor attractor; it can also be on a larger borough or sub-regional level incorporating multiple clusters of hotels serving various town centres or attractors. Both may be appropriate to establish the performance, provision, occupancy and need of hotel facilities from a broader perspective.

¹⁷ Census data is the most comprehensive information source. Other information is available from the English Tourism Council and Regional Tourist Boards. Hotel supply data is also available from the AA and RAC, the UK Hotel Directory and the European Hotel Group databases although these sources only relate to known 'stock' of registered hotels and at best provide a general indication of existing supply.

APPENDIX D: Quantifying impact

- D.1 Impact assessments build on the same baseline analysis described in Appendix B. Where the methodology differs is in the assessment of the quantitative effects of a specific proposal (or policy option) as opposed to the more hypothetical considerations employed in the final stage of the 'need' assessment. Although there is no universally accepted approach to assessing the impact of a proposal or policy option, Figure D1 suggests five key steps, which build on steps 1-4 of the need assessment (Fig B1).

Figure D1: Additional Steps to Quantify Retail Impact



STEP 1: ESTABLISH THE BASE/DESIGN YEAR

- D.2 Whilst the need assessment should consider the scope for new development over a longer timescale, the design year for impact assessments will vary depending on the type of assessment being undertaken. For site specific proposals the design year should normally be taken as 1-2 years after the likely completion of a development. This is likely to also apply to site allocations where the form of development is known. In the case of development plans, impact considerations should focus in particular on the first five years of a plan period but take account of the likely impacts over the plan period for which need has been assessed.
- D.3 In some cases it will be appropriate to take a longer term view, particularly where major development is proposed, and where the development is likely to lead to longer term changes. For example, in judging the impact on individual retailers, and vacancy levels in the centre, it should be remembered that retailers may be committed to existing leases, and the consequences of relocations and/or closures may not become fully apparent for some time. Equally, retailers are likely to take longer term view about their existing representation in a centre, and short term impacts may be mitigated by longer term growth.

STEP 2: EXAMINE 'NO DEVELOPMENT' SCENARIO

- D.4 Future impacts on the vitality and viability of centres will be a key consideration. Therefore impact assessments should not limit themselves to examining the effects of a planned development, site allocation or policy option on the current position, i.e. assuming that the performance of existing centres are likely to remain unchanged at the design year. The effects of wider trends need to be considered.
- D.5 A key question that should be asked is whether a site-specific proposal or a proposed site allocation or policy option in a development plan document is likely to exacerbate an ongoing problem, or whether change in the role and function of a centre(s) is inevitable, irrespective of the proposal? Assessments should not be based on the assumption that all existing centres are likely to benefit from expenditure growth between the base and design years. Longer term trends and local market dynamics are likely to indicate that some retail destinations are going to improve while others decline, irrespective of the proposed planning interventions.
- D.6 Two further considerations need to be taken into account in examining the “no development” scenario.

i) Commitments/cumulative impact

- D.7 First, it is relevant to consider the effect of known commitments, and to consider the cumulative impact of the proposals in question. Conventionally, cumulative impact assessments take into account the effect of known commitments i.e. schemes with planning permission. However, it may be relevant, in policy terms, to judge the cumulative effect of other proposals, particularly where there is a choice between two competing proposals and the combined impact of both needs to be considered.
- D.8 In judging which commitments should be taken into account, it will be relevant to consider, inter alia, the likelihood of them being implemented, and their potential scale and significance. The basic approach to assessing the impact of commitments, i.e. the key stages of the exercise, are set out later in this section.

ii) The 'fall back' scenario

- D.9 The second consideration is the so called 'fall back' scenario, i.e. where through an extant permission or permitted development rights it is argued that there is a 'fall back' position which may be implemented if the current proposal is not accepted.
- D.10 This can be a relevant consideration; for example it is possible in some cases that a specific proposal involving the requirement for planning consent may actually have a lesser impact than the proposal for which consent is being sought. Alternatively, an application might provide the opportunity to impose planning restrictions which could mitigate impact. However, in judging the relevance of a 'fall back' position, the following factors should be taken into account:
- First, the relevance of a fall back position should be judged having regard to the likelihood of it being implemented. There is a difference between a purely 'hypothetical' fall back position, and a position which actually could be implemented. If there is a realistic prospect that the fall back position would be brought forward, then it would be appropriate to attach significant weight to it in judging the impact of the proposal in question.
 - Second, when comparing the impact of a proposal with a fall back position, it will be relevant to consider the impact of the proposal as a whole (together with other known commitments – see above), rather than just the 'incremental' impact of the difference between the two. This applies to all impact assessments, where the relevant test is the cumulative impact of the proposal in question.

STEP 3: ASSESS TURNOVER AND TRADE DRAW

i) Turnover assumptions

- D.11 Where there are firm proposals for the development of an allocated site in a development plan document, or in the case of site-specific proposals which are backed by a known operator, the anticipated turnover and characteristics of the proposed development can be estimated by reference to comparable schemes, and/or the operator's benchmark turnover (having regard to local circumstances).
- D.12 For speculative developments or site allocations where the form of development is unclear, it may be possible to judge an indication of the likely turnover, having regard to the range and type of retailers envisaged. However, such estimates should be treated with caution if firm proposals are not in place or occupiers are not known. In such cases, a reasonable range of possible consequences of different forms of development on a proposed site should be considered. This means that it will be necessary to consider the turnover of a range of potential occupiers which may be attracted to the site in light of quantitative capacity and other qualitative need considerations.
- D.13 It will also be relevant to consider evidence of retailer demand to give a better indication of the potential turnover of the proposal. The turnover assumptions should reflect the range of potential operators likely to be permitted having regard to any envisaged planning conditions proposed. In particular, new foodstores and retail warehouse type developments may attract a range of potential operators, and the impact assessment needs to consider the full range of turnovers and implications of alternative operators, for example on the prospect of closure of facilities within existing centres.
- D.14 The use of published evidence of average turnover levels derived from company accounts can provide a basis upon which to gauge possible turnover of a development. This should take account of the anticipated size of the proposed store and that turnover/floorspace ratios will vary depending on the size of store. Any assumptions that new development will only achieve a potential retailers' respective company average should be treated with caution. Experience suggests that operators will seek to improve their turnover over time by the development of new, more efficient stores, in which case sensitivity testing may be necessary.
- D.15 Similarly, a retailer may be content with accepting a lower turnover level for a new store than their company average in order to gain representation in an area. It is therefore recommended that sensitivity testing a high and low level of turnover is carried out and that the implications of this be examined where the predicted levels of impact suggest such testing is necessary.

ii) Trade draw assumptions

- D.16 In parallel with assessing the anticipated level of turnover of the retail destination, its catchment area and trade draw pattern¹⁸ also need to be assessed. Where there are firm proposals for the development of an allocated site in a development plan document, or in the case of site-specific proposals which are backed by a known operator, the catchment area is likely to be more easily determined, having regard to similar types of development and experience drawn from elsewhere.
- D.17 Where proposals are speculative, or where the form of development is unclear, it is important to recognise that different forms of development can serve different catchment areas. In such circumstances, the characteristics of the development and available survey evidence of comparable facilities likely to be anticipated on a site may give the best indication of where the new development is likely to draw its trade from.
- D.18 In the absence of reliable comparable survey data, it will be necessary to rely on more subjective judgements. However, these should always be informed by the analysis of a range of different forms of development which may come forward on a site where the know operator is unknown and be supported by an examination of the sensitivity of the analysis to different assumptions. This is also important for more specific proposals which are claimed to have a particular type of trading pattern, such as factory outlet centres for example.
- D.19 The scale of new development in question, and characteristics of the area, will also have a key bearing on the task of assessing likely trade draw and impact. In the case of a new development such as a foodstore on the edge of an existing market town it may be relatively easy to reach judgements about the likely turnover and trade draw pattern of the new store, and the existing stores likely to be most directly affected having regard to current shopping patterns in the area. In the case of a larger development with a range of occupiers, or development within a dense urban network of centres, impact may be much more widely distributed and more difficult to determine.
- D.20 The best evidence of the likely catchment area and trade draw pattern of a particular proposal is likely to be comparative evidence of similar developments in similar circumstances elsewhere. A classic example is the provision of a new foodstore within an existing town or district centre already served by a similar sized store. In such circumstances the likelihood is that the catchment areas and trade draw characteristics of both would be similar, and therefore the overlap and potential for impact will be proportionately greater.

¹⁸ Note that trade draw is different from trade diversion (see Glossary).

- D.21 More difficulties arise in the case of proposals which by their scale and nature are likely to serve a materially different catchment area. This may be the case where, for example, a major town centre comparison retail development is proposed which brings new key anchor stores to the centre. Such developments are likely to extend the centres catchment area, and potentially draw a higher proportion of trade from further afield. In these cases, it may be relevant to look for comparable examples in other centres, or to examine the inter relationship between the centre and neighbouring centres serving a similar role, to judge both the extent of the extended catchment area, and the likely changes in shopping patterns resulting from the development.
- D.22 In every case, the objective should be to set out clearly the judgements reached about the total turnover and proportion of the proposals turnover drawn from different parts of the catchment area, together with assumptions about 'inflow' from beyond the survey area. This provides an important first step, as a means of judging, on a zone by zone basis, the likely changes in shopping patterns arising and the centres from which the proposal is likely to divert its trade.

STEP 4: ASSESS IMPACT

- D.23 Conventionally, planning assessments have used a series of judgements to assess the likely turnover, trade draw and impact of new developments. The main advantage of this step by step approach is that it enables the judgements and factors underlying them to be fully explained and tested. However, inevitably in the case of larger developments with a wider range of impacts on a large number of centres/stores, there are wide margins of error and it will always be appropriate to consider the sensitivity of the assumptions employed.
- D.24 In the case of assessments covering a wide area, for example regional and sub-regional assessments which may potentially need take into account the effects of a range of committed/proposed developments and alternative options, gravity models have been used to assist in the process of predicting trade draw and impacts. Conventionally, gravity models employ household survey data, exit surveys and the other key data inputs to develop a baseline position. They differ from the judgement-based approaches conventionally used in planning by seeking to predict the consequences of different types of development based on a number of key variables.
- D.25 Essentially, by employing judgements as to the weight applied to factors like accessibility and attractiveness of different types of development, the gravity model provides a rational means of assessing how a given scale and quality of development is likely to alter current shopping patterns and hence impact on existing baseline turnovers.

- D.26 Experience suggests that it would be challenging to employ a traditional planning judgement-based assessment to assess simultaneously the consequences of such a range of developments over such a wide area. Gravity modelling techniques may have a role in regional/sub-regional assessments or assessments which relate to a number of local authority areas, considering the spatial distribution of higher level comparison retail centres, where the implications of alternative development strategies for major centres/out of centre facilities is being tested against policy objectives.
- D.27 However, gravity modelling has been criticised for the lack of transparency, and still relies on a reliable, up to date survey base. In most planning cases, and particularly at the local level and in the case of site specific assessments for individual proposals, it may be more appropriate to employ more simplistic, and transparent judgement based assessments. By breaking the anticipated turnover of the proposal into a series of 'zones' from which it is expected to draw its trade, it is possible to then make judgements, based on current shopping patterns within each zone, as to where the proposals turnover is likely to be derived from.
- D.28 The assessment of trade draw pattern should have taken into account factors such as major areas of population growth, new roads and other infrastructure which will influence the proportion of the proposal's trade drawn from each area. The purpose of the next stage is to consider the proportion of the proposal's trade derived from each zone likely to be taken from those existing stores and centres currently drawing trade from that zone.
- D.29 A common starting point for this exercise to consider existing trading patterns within the zone in question. If, for example, a particular town or facility accounts for the vast majority of expenditure currently generated in a given zone, it is likely that a similarly higher proportion of the proposals turnover will be diverted from that centre. (This pre-supposes that the analysis is looking at expenditure on a like for like basis i.e. convenience or comparison goods, or in some cases, expenditure patterns for a particular class of comparison goods. e.g. DIY).
- D.30 This type of exercise may provide a baseline position to judge the overall level of impact. However, two factors need to be taken into account:
- First, it will always be relevant to consider the character of the development proposed, to judge its likely trading impact. There is a general assumption that 'like affects like', so, for example, in an area already served by large modern foodstores, the effects of a new large food superstore are likely to fall disproportionately on the existing competing stores. Their proportionate impact on local independent retailers, or discount foodstores for example may be less.

- Second, it is relevant to consider distance, based on the assumption that generally consumers will seek to use the closest comparable facility. So, for example, if in a given zone a relatively small proportion of trade is attracted to a facility which is similar to, but considerably further away than the proposal in question, it is likely to have a disproportionate effect on that facility.

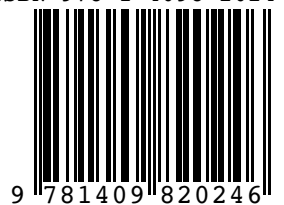
STEP 5: CONSIDER THE CONSEQUENCES OF IMPACT ON EXISTING CENTRES AND FACILITIES

- D.31 The final and most important step in the impact assessment stage is to examine the consequences of a development proposal or a site allocation or policy option in a development plan document, in terms of the impact on existing centres and facilities.
- D.32 The approach to weighing the significance of different impacts is described in the main guide. This highlights the importance of the development plan and, where this is not up to date, the impacts in Policies EC10 and EC16. This appendix only considers the practical considerations which may be relevant when seeking to quantify impacts.
- D.33 A key factor likely to influence the significance of indicated levels of impact is the current performance of existing centres (based on an up to date health check), and the extent to which any strategy or planned investment in a centre could potentially be prejudiced by the levels of impact predicted. It may be appropriate to take a different approach to proposals likely to lead to a modest impact on a centre which is currently performing strongly, compared with a vulnerable centre, or a centre where the strategy is to attract new development or which may be located in a deprived area. In some cases, factors such as the effect on retailer/investor confidence may have a key bearing on the acceptability or otherwise of the proposals.
- D.34 When considering the impact on existing trade/turnover for the classes of goods proposed to be sold from a known development, it may be sufficient to give a broad indication of the proportion of the proposal's turnover likely to be derived from different centres and facilities in the catchment area of the proposal, and what the consequences of each is in terms of reduction in turnover and impact. In more complex cases, particularly where overall effects on travel patterns are likely to be key considerations, an analysis of 'before and after' shopping patterns may be appropriate to illustrate clearly how current patterns are expected to change following the development of commitments and the proposals under consideration.

- D.35 It is important that the likely impact of new development needs to be examined against the current vitality and viability of existing centres, based on key health check indicators, and the consequences for different health indicators need to be properly examined. For example, where new investment is planned within an existing centre, the most significant consequences of a competing development may be the impact on the centre's potential to increase market share, or achieve 'clawback' needed to support the new investment. Alternatively, impact on existing turnover levels may have a key bearing on the ability to increase Zone A rents within the centre in order to make new investment viable, or may serve to dilute retailer demand, or redirect key retailer interest which is needed to underpin the viability of planned new investment.
- D.36 In other circumstances, the key consideration may be on the impact on existing retailers within nearby centres. This may be particularly important, in cases where there is little or no rental growth, where there are high levels of vacancy and limited retailer demand. In such situations, even very modest levels of trade diversion may lead to a significant adverse impact, which can be measured in terms of retailer/investor confidence, number of vacancies in the centre, the overall quality and attraction of retailing and the levels of pedestrian flows.
- D.37 Finally, while it will normally only be necessary to consider the impact of the proposal on one or more centres, there may be cases where proposals are likely to lead to a disproportionate impact on a particular sector or part of a centre. An example may be where a proposal is likely to undermine the continued presence of a key anchor store, such as a department/variety store or main foodstore anchor which could lead to a disproportionate knock on effect for the rest of the centre over time. In these circumstances it will be necessary to gain some understanding of the current viability of existing retailers, and in particular the current performance and intentions of key anchor stores in order to properly gauge the impact of new proposals.
- D.38 In all cases however it is important that the impacts are considered on the vitality and viability of the whole of a centre or centres, not simply on individual facilities which may be similar to the proposed development. In each case, it is important that impact assessments are accompanied by an assessment of the current performance and health of existing centres and facilities within the catchment (based on the health check indicators), and an assessment of the proposal against the objectives of any town centre or related strategies.
- D.39 The significance of any impacts will be a matter of informed judgement and depend on the individual circumstance of the locality and type of centre or facility. There is no universal threshold which could be applied to indicate whether an impact on trade/turnover is likely to be significant, but the guidance suggests how different impact considerations may be scored, and weighted to reflect the significance of each.

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