

National Retail Planning Forum

**'The Role and Vitality
of Secondary Shopping
– a New Direction'**

**Report of Findings
and Recommendations**

A national research project sponsored by
Office of the Deputy Prime Minister
Marks & Spencer Plc
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APPENDIX 1 - Summary Results of Interviews with Businesses

The 'Case Study Analysis' report, on which this report is based, is available separately on CD-ROM from the National Retail Planning Forum, 6 Copperfield Street, London SE1 0EP. Telephone 020-7633-0903. Details are also available on the NRPF Website: www.nrpf.org

1. INTRODUCTION

- 1.1 In most towns, in addition to the heart of the town centre where the multiple retailers are located and pedestrian flows are high (the prime retail area), shopping facilities include a number of more secondary streets. In these areas, shops are smaller and occupied mainly by independent businesses, pedestrian flows and property values are much lower, and the environment is often less attractive. Elsewhere, the centres of small towns which are satellite to regional and sub-regional centres, small seaside towns, and district centres in large towns, also often lack multiple retailers and high pedestrian flows. Again, they depend substantially on small independent businesses. All of these secondary shopping locations could have the potential to provide attractive and sometimes unique shops and services, and meet important local needs. But too often that potential is unfulfilled, and policy makers, property owners and occupiers have been unable to reverse decline and bring about lasting regeneration.
- 1.2 The national planning policy climate for town centres is also evolving. Following an extended period of tolerance towards out-of-centre shopping, Planning Policy Guidance 6 (PPG6) was revised in June 1996, and stated that a sequential approach was to be taken towards the selection of sites for new retail and other development: *'Adopting a sequential approach means that first preference should be for town centre sites...followed by edge of centre sites, district and local centres and only then out-of-centre sites in locations that are accessible by a choice of means of transport.'* (PPG6 paragraph 1.11). Edge-of-centre was loosely defined as *'...a location within easy walking distance (ie 200-300 metres) of the primary shopping area....'* (Annexe A). The result of the sequential approach has been that the amount of new out-of-centre shopping being built has declined year by year, as existing planning permissions were implemented, and far fewer were granted.
- 1.3 A weakness of the sequential approach has been that it is substantially negative, as it did little to empower local authorities to assemble sites in town centres or edge-of-centre locations, so as to bring forward new retail development in such areas. Whilst it required local authorities to make provision in their Local Plans for retail development needs, and provided general support for town centre management, it did not put an obligation on local authorities to be pro-active in planning for and delivering substantially improved town centres. Neither did it distinguish between the different needs of prime and secondary shopping areas, and give guidance on different approaches which should be taken to each. As a result, many secondary shopping areas, in particular district centres, were effectively 'left to their own devices'; as new development was focused on the prime retail areas, or out-of-centre in cases where planning permissions granted

under the previous policy regime existed, or developers could argue that no town centre or edge-of-centre sites existed.

1.4 The Planning and Compulsory Purchase Act 2004 provides new powers, procedures and obligations for local authorities, and is intended (inter alia) to make it easier for local authorities to bring about regeneration through site assembly. Backing it up is a series of new Planning Policy Statements, of which PPS6 'Planning for Town Centres' has so far been published as a consultation draft. Draft PPS6 has a number of important features:

- ❑ It focuses primarily on town centres rather than non-central development;
- ❑ It requires a big push for pro-active positive planning by local authorities, to achieve growth in town centres, as an extension of the plan-led system;
- ❑ It seeks to spread such new development more evenly so as to benefit smaller town, district and local centres; and contribute to achieving regeneration and the twin objectives of sustainability and social inclusion;
- ❑ Developers, retailers and leisure operators will be expected to work with local authorities to find ways of delivering schemes in smaller town centres;
- ❑ Local authorities will be expected to be much more active in identifying town centre and edge of centre sites for development; preparing town centre strategies, urban design, traffic management and parking studies, etc; assembling sites (by compulsory purchase if necessary); and monitoring progress on an annual basis.
- ❑ All developers will have to demonstrate that their scheme is of an appropriate scale for the centre in which it would be located.
- ❑ Where decline of town or district centres is inevitable, local authorities will be expected to anticipate it and manage change to another role, whilst retaining vital local services as far as possible.

1.5 In anticipation of changes in national planning policy, the National Retail Planning Forum commissioned two Research Scoping Papers, 'Town Centre Dynamics' and 'Retail Capacity and Need' in relation to secondary shopping. Secondary shopping was loosely defined as:

- ❑ Town centre fringe, ie. more peripheral shopping streets in large town centres;
- ❑ District centres, many of which are in large towns and cities;
- ❑ Local shopping, including the entire centres of small, freestanding towns.

It includes the town centres of small towns and villages, eg small 'market towns', about which there is a lively debate elsewhere (eg. the Countryside Agency's recent Market Towns Initiative and Beacon Towns Programme, and the work of Action for Market Towns).

1.6 These Research Scoping Papers concluded that there was a need for detailed research to establish the changes which have been occurring in secondary shopping in recent years, to review the responses by local authorities under PPG6, and to identify the best means of fostering vitality and viability of secondary shopping of all types. CB Richard Ellis was therefore commissioned by the NRPF to undertake this major national research project on 'The Role and Vitality of Secondary Shopping'. In accordance with recommendations in the Research Scoping Papers, the project has been based on detailed case studies of secondary shopping in a sample of large and small towns in different parts of the country. In each location, extensive surveys, analysis and consultations have been carried out, and interviews with the local planning authority undertaken. Both we and the NRPF are very grateful for the assistance of the local authorities in the case study locations.

1.7 The objectives of the research were to identify:

- ❑ National trends in retailing which are relevant to and have affected secondary shopping;
- ❑ Recent trends in the provision of shops and service businesses in secondary shopping locations;
- ❑ Reasons why secondary shopping remains secondary, is declining, or has succeeded in changing to a new role;
- ❑ Obstacles to regeneration;
- ❑ Potential engines of growth;
- ❑ Principles and practice for achieving lasting regeneration.

In commissioning the research, the NRPF intended that the results should enable more effective responses by local authorities and the property market, assist business prosperity, and encourage private sector investment in secondary shopping areas, under the new policy climate of PPS6 when the final version of this is published.

1.8 The terms 'prime shopping' and 'secondary shopping' are conventionally used to distinguish between the locations where most of the multiple retailers are located, pedestrian flows are greatest, and shop rental values are highest – the prime areas; and areas substantially occupied by small independent businesses, where pedestrian flows are low and rental values are modest – the

secondary areas. The term 'secondary shopping' is not intended to be pejorative towards such areas, but to recognise that they have a different role and function in the total environment of retailing. However, it probably under represents their importance. Our research has shown that secondary shopping areas have a much wider diversity of retailing and services than the prime areas, and are therefore a vital part of the retail offer of a town. No town centre would be complete without secondary shopping. In small town centres, secondary shopping as understood above is all that there is. As such, it provides a vital service to the local community, and contributes to social inclusion. Because the term 'secondary shopping' is widely understood, we have used it throughout this report. But the great importance of secondary shopping should not be overlooked merely because of the terminology.

1.9 The research has been financially supported by the Office of the Deputy Prime Minister, Marks & Spencer, and the BCSC Educational Trust. The NRPF is very grateful to these sponsors, without which the research would not have been possible.

1.10 The case study locations on which the research was based were as follows:

1. Exeter city centre – Fore Street, South Street and New Bridge Street – secondary shopping streets in the cathedral city, and county town of Devon.
2. Exeter – St Thomas district centre – one of two designated district centres in Exeter.
3. Seaton – the town centre of a small seaside town in Devon, located within the sub-regional catchment area of Exeter city centre.
4. Reigate town centre – a small town in Surrey, which has evolved as a result of increased competition from nearby Redhill town centre.
5. Sutton town centre – a large London suburban centre – secondary shopping streets at the south end.
6. Cheam district centre – a district centre in the London Borough of Sutton, and within the catchment area of Sutton town centre.
7. Birmingham: Small Heath local centre – a traditional linear centre on a radial route in the inner city.
8. Birmingham: Erdington local centre – also a traditional linear centre on a radial route in the inner city.
9. Doncaster – the 'Hallgate triangle' of secondary shopping streets on the east side of this growing sub-regional shopping centre.

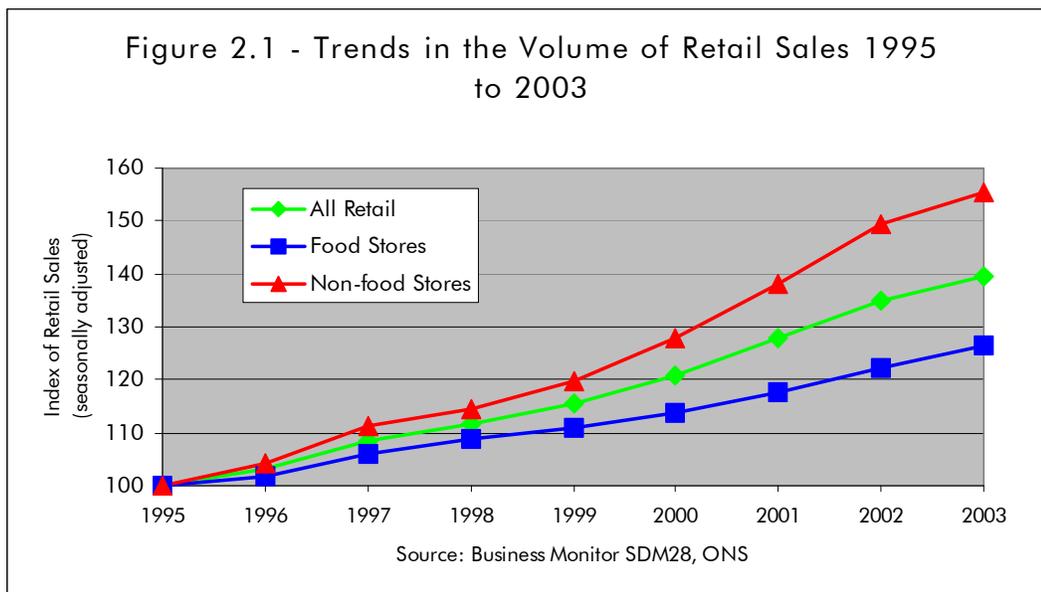
10. Doncaster: Bentley district centre – a small traditional linear centre on a radial route through the former coalmining village of Bentley in north Doncaster.
 11. Bolton – Newport Street and Great Moor Street at the south end of Bolton town centre.
 12. Bolton – Farnworth town centre – a small suburban centre in the south of the Borough.
- 1.11 Together, these case study locations include examples of each category of secondary shopping defined by the NRPF. They also provide a broad geographic spread of locations across the country. More than one location was chosen in several of the towns in order to enable us to assess whether there were significant differences between different types of secondary shopping in the same town and local authority area. It also enabled the research to be more cost-effective, by minimising travel time and liaison with local authorities.
- 1.12 Our detailed analysis for each case study location has been separately published in the 'Case Study Analysis' report. Because of its large scale, this has been published on CD-ROM, together with the tables and charts of data, and is available from the NRPF.
- 1.13 After this introduction, in Section 2 we review the national economic and business context of trends affecting secondary shopping. In Section 3 we describe the changes in the provision of shops and service businesses in secondary shopping areas over the last 10 years or so. Section 4 summarises the opinions of local businesses which responded to our postal surveys or were interviewed in the course of the research. Section 5 sets out our assessment of the responses by local authorities. Section 6 comprises our principal conclusions from the case studies; and Section 7 sets out our recommendations for achieving lasting regeneration in secondary shopping areas, including our suggestions about the need for further research.

2. NATIONAL RETAIL TRENDS AFFECTING SECONDARY SHOPPING

2.1 Retailing in Britain has exhibited a number of powerful trends over at least the last decade or so. These have affected both prime and secondary retailing throughout the country, and there have been winners and losers. In this section, we outline the most important trends which have affected secondary shopping, and draw conclusions about the implications for the future.

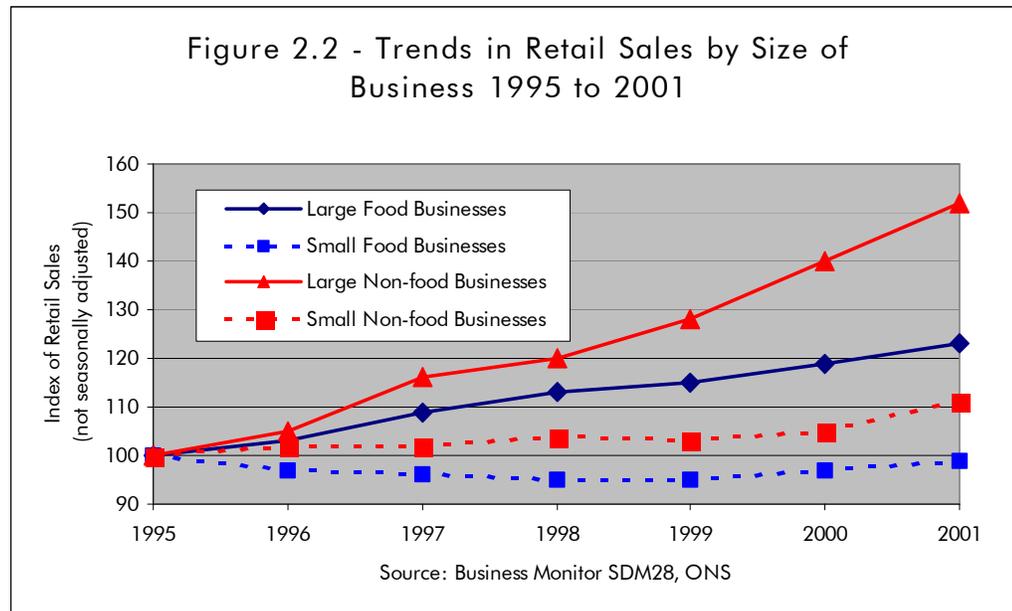
Growth in Retail Sales

2.2 In Figure 2.1, we indicate trends in the volume of retail sales since 1995. This shows the substantial real growth in sales which has occurred, and the substantially greater growth in sales in predominantly non-food stores than in predominantly food stores. Within these overall figures for non-food stores, growth in sales in textile, clothing and footwear stores has been only slightly above the average for all non-food stores. However, the growth in sales in household goods stores has been at a significantly higher rate (up by 83.9%, compared with 62.0% for textiles, clothing and footwear, and 55.4% for all non-food stores). This is probably a reflection of the greater emphasis on ‘lifestyle’ and the home environment in recent years, and of rapidly rising disposable incomes.



2.3 Not all types of business have profited equally from this growth, however. In Figure 2.2, we illustrate the difference in real growth in sales between large and small food and non-food

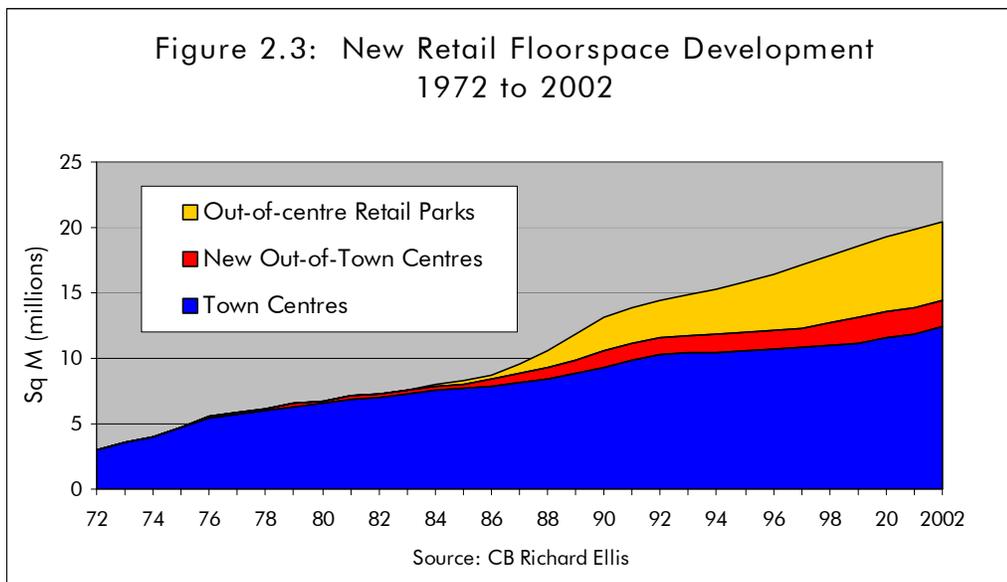
businesses (over the slightly shorter period to 2001). This clearly shows the much higher growth in sales achieved by large business than by small, in both the food and non-food retail sectors.



2.4 In the case of food businesses, a high proportion of the outlets of the large businesses are now located out-of-centre, leaving the small businesses in mainly secondary locations (since they have been substantially priced out of the prime shopping areas). In the case of non-food businesses, most of the large businesses are located in the prime retail areas, or in out-of-centre locations. Buildings in the secondary shopping areas have proved too small and otherwise unattractive for such businesses, and pedestrian flows too low to justify investment in their strongly branded stores.

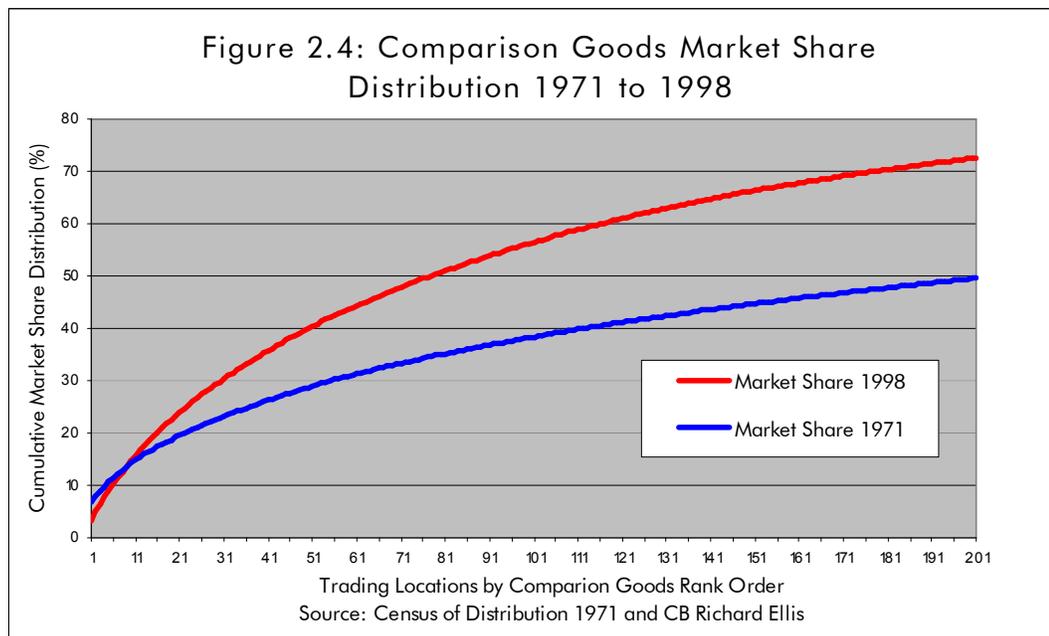
Growth in Retail Floorspace

2.5 Figure 2.3 illustrates trends in the development of new retail floorspace over the period 1972 to 2002. It shows the large amount of new town centre development which has occurred, and the large amount of new out-of-centre floorspace, particularly in retail warehouse parks. However, this new town centre development has not been evenly distributed amongst all town centres.



Polarisation of growth in comparison goods sales

2.6 One of the results of the much faster growth of large businesses – the multiple retailers – has been that most of the growth of non-food retail floorspace has been concentrated into the largest town and city centres (and into the prime or near prime areas in those centres), or into new out-of-centre retail parks and regional shopping centres. Figure 2.4 shows the cumulative market share distribution of comparison goods sales over the period 1971 to 1998, starting with the largest centre in the country in terms of sales (centre number 1) and adding other centres in decreasing order of sales. It shows that whereas in 1971, the 200 largest centres accounted for approximately 50% of comparison goods sales, by 1998, they accounted for almost 75% of sales. Also, that by 1998, the largest 75 centres accounted for approximately 50% of all comparison goods sales. The position today is of no lesser concentration of comparison goods sales into a small number of large centres. Thus retail centres have become increasingly polarised between a small number of large centres with high and growing comparison goods sales, and a large number of smaller centres with only slowly growing, stable or declining sales.



2.7 There are at least 1,200 recognisable comparison goods shopping destinations in the country as a whole. The trends in Figure 2.4 therefore have a number of implications for secondary shopping:

- ❑ Over 1000 town, district and local centres have declined in comparison goods sales relative to the largest centres (ie their sales have grown, but at a slower rate);
- ❑ A comparison goods retailer only needs about 200 branches to tap 75% of the national sales potential, so larger centres attract key multiple retailers (and now also service businesses), and command the highest rental values;
- ❑ Smaller centres are very substantially reliant on independent businesses and local catchment areas;
- ❑ Rental values have grown substantially in the largest centres, but have fallen in real terms in most of the smaller centres, thus indicating a decline in demand by retailers for secondary shopping;
- ❑ Because of low rental values and high yields, new retail development on any scale is only financially viable in the larger centres, so many small centres have been starved of investment;
- ❑ New shopping developments are predominantly large scale, and located in the larger centres, reinforcing the trend of development activity away from the smaller centres.

- 2.8 Although 'high street' and regional shopping centres' sales grew by 43% between 1991 and 2001, this is below the growth rate for all UK sales (56%), as total sales were driven by much stronger growth in out-of-centre sales (150% between 1991 and 2001). Figure 2.5 indicates the slower rate of 'high street' and regional shopping centres growth, reflecting the relative decline in significance over the last decade. It shows that the 'high street' and regional shopping centres accounted for 45.5% of retail sales in 2002, compared with 50% in 1992. Future growth of out-of-centre sales is likely to be more limited given planning restrictions on out-of-centre development in PPG6, and the focus instead on town centre development by means of the sequential approach. This may provide an opportunity for some secondary shopping centres, but only if they are able to offer suitable development/investment opportunities.

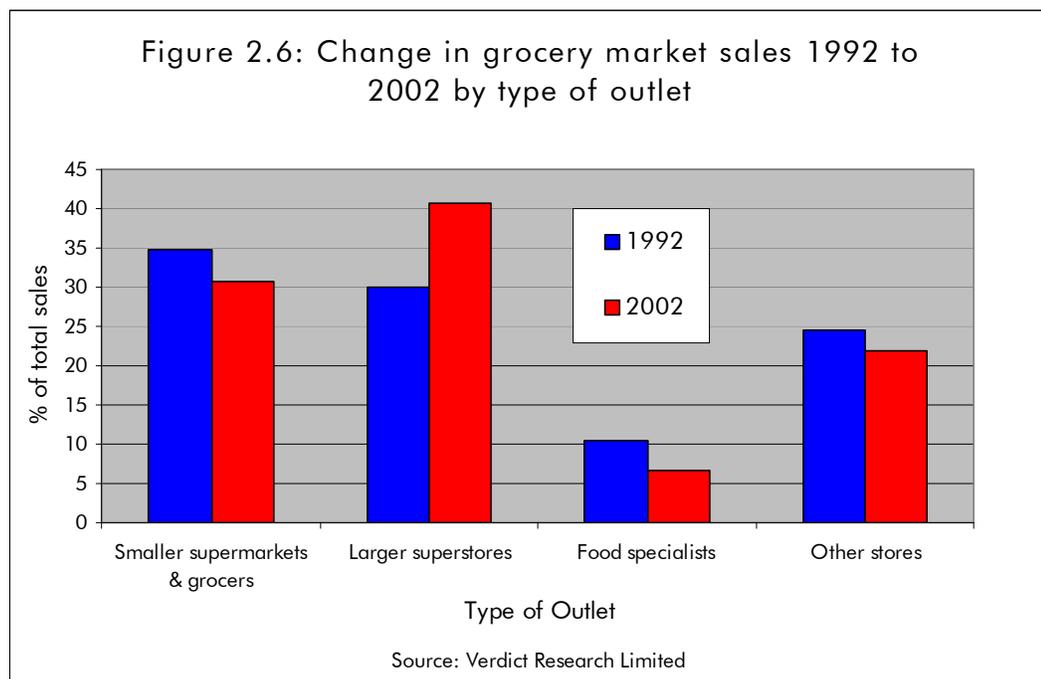


Numbers of shops

- 2.9 National retail trends indicate a continuing contraction in the number of shop units. Total store numbers in the UK have declined by 11% over the last 10 years. This masks variations in the decline of different types of stores and different locations. With the emergence and growth of superstores during the 1990s, there has been a decline in the number of smaller and more specialist food retailers (mirroring the differences in sales growth between large and small retail businesses, indicated in Figure 2.2). The number of food specialists has declined by 19% from 48,301 in 1992 to 39,131 in 2002, whereas the number of large superstores has increased by 50% from 860 in 1992 to 1,292 in 2002. One aspect of this trend is that there has been a drop in demand for small shop units, which are a particular feature of many secondary shopping locations.

Food stores' market shares

- 2.10 As illustrated in Figure 2.6, over the period 1992 to 2002, leading supermarket multiples increased their share of the grocery market, as a result of the success of the superstore format. This has been the only type of outlet to grow market share over the last 10 years. Superstores now account for more than £2 out of every £5 spent on grocery in the UK.



- 2.11 Certain food specialists have suffered more than others. Fishmongers' share of the total grocery market has declined from 0.5% in 1992 to 0.1% in 2002. Butchers have also lost nearly half of their market share, declining from 4.1% to 2.2%. Both types of retailers have been affected by the improved quality and service at superstores for meat and fish. Greengrocers, bakers and other specialists have been slightly more robust, yet all three have lost market share. The competitive effect of superstores on local shops is likely to continue in the future despite planning restrictions on new stores, as they will continue to innovate, spotting market trends and adapting their operations accordingly. This is particularly apparent with their move into non-food retailing and provision of services. New floorspace for such uses now makes up the bulk of extensions to the net sales area of existing food superstores. This strongly suggests that store extensions should continue to be subject to the sequential approach.

Non-Food Retailers' Fascias and Formats

- 2.12 Changes are occurring in the traditional 'high street' fascias as evidenced by closures and rationalisation and the emergence of new retailers. Whilst these changes are most likely to affect the larger city centres, operators such as Arcadia, whose high street fascias include Top Shop/Man, Burton, Dorothy Perkins, Evans and Warehouse, are rationalising and reducing the number of outlets across the country. New retailers are emerging, including the international fashion stores such as Mango and Zara. They are, however, only seeking representation in larger centres.
- 2.13 Retailers which are expanding more generally on the 'high street' include value-orientated operators such as the clothing retailer Primark, which has increasingly moved away from sites in more secondary locations to higher profile sites in town centres. Other mainstream value orientated retailers expanding on the 'high street' include Peacocks and TK Maxx. Overall, value orientated retailing looks to be a key growth area which could offer some opportunities for secondary shopping areas, particularly those close to prime areas, and district centres in large towns and cities. As a reaction to the growth in value retailing, middle market operators are segmenting their offer further, providing either more upmarket own brands such as Per Una and Blue Harbour in Marks & Spencer, or more heavily discounted offers within stores such as in New Look. Diversification into other sectors is also occurring, particularly into homewares; for example, Next and Monsoon are now offering 'interior' products.
- 2.14 The space requirements of retailers on the 'high street' and particularly in shopping centre locations are also being reconsidered, and increasingly operators are requiring larger footprints. Next, for example, is favouring larger units, and the latest unit planned for the extension to the Arndale Centre in Manchester will provide a 4,000 sq m store, acting as a significant anchor store in its own right. Similarly operators such as H&M and Zara, are requiring large footprints in order to be able to compete with one another, and with off-centre locations. Such stores showcase extensive product ranges and provide a range of in-store facilities and an attractive, modern shopping environment. However, most of the existing floorspace in secondary shopping locations is not suited to satisfying this type of demand.
- 2.15 Increasingly, traditional 'high street' retailers are seeking to diversify their formats and provide out-of-centre facilities. For example, in the last few years Woolworths has introduced Big W stores, which sell a range of home related products. Such a store was opened at one end of Small Heath local centre in 2002. Boots and WH Smith are also investing in out of town retail park stores; although they are finding it difficult to differentiate their offer sufficiently from their high street stores, and on the whole sell a greater proportion of lower priced items. Clothing and footwear has also been moving away from the high street and onto out-of-centre retail parks over the last

10 years. Next, for example, is focusing on out-of-centre development, using the Directory and on-line products to stock the larger format stores.

- 2.16 Another trend has been the increasing size of some out-of-centre store formats, and ‘product creep’ into ever wider ranges of goods being sold out-of-centre. B&Q, for example, is now developing its ‘Warehouse’ format, of at least 9,290 sq m gross plus a trade counter, builders’ yard and garden centre. Homebase is also seeking to develop larger stores. Because of their extensive product ranges, such stores are now making it more difficult even for specialist tool, decorators’ supplies and home improvement goods shops to survive in secondary shopping areas. In the clothing sector, the warehouse club operator, Matalan, is opening larger stores than formerly, and has recently relaxed its membership rules by doing away with membership fees. Non-bulky goods retailers, such as clothing and footwear, are taking advantage of loosely worded or lack of goods conditions on existing retail parks to open out-of-centre stores; and many retail parks are installing mezzanine floors to increase trading floorspace. Thus despite the sequential approach, growth of sales from out-of-centre stores is still continuing.

Food Retailers’ Fascias and Formats

- 2.17 The leading foodstore operators are continuing to innovate to increase their market share. Some have developed smaller store formats such as Tesco Metro and Sainsbury’s Local, and been more innovative in their town centre proposals. There has also been a growth in ‘forecourt’ retailing, operated either by the large supermarket chains or the major oil companies such as Esso, BP and Shell. Whilst operators are likely to seek forecourt stores in local centres in the future, the smaller format stores are largely focused on particular niche markets, such as the city centre lunch-time trade and more affluent catchments. As such they are only likely to come forward in certain district or local centres.
- 2.18 The pressure for larger superstores and hypermarkets is expected to continue in the future, particularly through the expansion of successful out-of-centre foodstores. With town centre foodstores tending to underpin the role of smaller centres, the cumulative impact of these superstores may undermine smaller centres over a number of years. However, under current and expected future government planning policies, any further proposals for expansion of existing out-of-centre food stores must be considered in terms of need and appropriateness of scale, the sequential approach, and impact on existing shopping centres.
- 2.19 The discount food retailers, particularly Aldi and Lidl, but to a lesser extent Netto and Kwik Save, are also continuing to seek opportunities to expand their networks. To a certain extent their offer complements existing district and local centre facilities. For example, Aldi only sells a much more

limited range of food products than would be available in a food superstore (although does sell a significant and frequently changing range of non-food goods). It does not offer facilities that may be found in district centres, such as a butcher, baker or fishmonger, and non-retail facilities such as drycleaner, pharmacy or post office. In addition, the discount food retailers' operating hours are not usually as extensive as those of superstores, as they are not normally open on Sundays and do not have late night opening. As such there could be more of a role for their presence within or adjacent to secondary shopping areas, as a complement to existing convenience outlets, where these continue to exist.

- 2.20 In parallel with the above changes in food retailing by the major companies, has been the growth of farmers' markets and continental markets. The former has arisen from the need for farmers to diversify and seek new outlets for their products, combined with growing concern by consumers about the power of the main food store operators and the industrial farming methods of some of their suppliers. There has also been an increase in interest in gastronomy generally, and in locally produced 'slow food'; and movements such as Cittaslow (originating from Italy) have ridden and helped to create this trend. Many small towns now hold regular farmers' markets, which are important attractions in their town centres. Town centre management partnerships have been active in attracting occasional continental markets (usually based on specialist foods) for special events. Whilst these have mainly been in larger town centres, they have had the potential to benefit some secondary shopping areas in those towns by attracting additional customers from a wide area.

Pharmacies

- 2.21 The position of community pharmacies in local and town centres has been somewhat protected, and little change has occurred in numbers since 1987. The Office of Fair Trading's (OFT) Market Investigation Report attributes this to the Control of Access Regulations, which control entry to the market. Currently the Regulations only permit pharmacies to provide NHS prescriptions where they satisfy health authority requirements that their services are 'necessary or desirable' for a local area.
- 2.22 Despite the relatively small change in actual community pharmacy numbers, the dynamics of the market have changed. Since 1990, Superdrug Ltd has entered the market, and it and other existing national pharmacy chains (notably Boots) and supermarkets (in particular) have significantly increased their market share in this sector.
- 2.23 In January 2003, the OFT recommended to the Government that there should be a deregulation of pharmacies, thereby allowing all registered pharmacies with qualified staff to be able to dispense NHS prescriptions. This could result in significantly more pharmacies in supermarkets, and thereby

impact on traditional outlets. Research commissioned by Lloyds Pharmacy in January 2003 showed that at present, approximately 6,000 pharmacies across the country are located within the catchment area of two or more supermarkets, and therefore are potentially threatened. The New Economics Foundation consider these pharmacies to be at threat, should deregulation occur. They state that *'this could translate to as many as 145 pharmacies being lost in an urban area such as Birmingham'*.

- 2.24 Whilst accepting that the OFT (January 2003) report had advanced a strong case for reform, the Government did not believe simple deregulation was the best way forward. It therefore stated that it would move cautiously in the direction recommended by the OFT. New criteria and procedures are therefore being introduced, the outcome of which is currently uncertain. However, it seems likely that relaxation of the former Regulations will put increased competitive pressure on existing pharmacies in many secondary shopping locations, thus potentially reducing their numbers and the 'anchor' role they perform in some places.

Post Offices

- 2.25 Research by the New Economics Foundation indicates the importance of the local post office branch, for example as a focal point for social interaction, information about job and community services, financial transactions and advice. Services are especially valued by the disabled, those without a car, those over 65, carers, and one-parent families. In urban deprived areas, post offices are also the main source of cash; and in many cases double as the only store providing an important source of food and basic items for local people. The role of post offices in maintaining local economies is emphasised by the New Economics Foundation; since once people have cash in their hands, they will more often choose to spend it in local shops.
- 2.26 Britain has one of the most extensive post office networks in Europe and 94% of people are within a mile of one of them. Despite the number of post offices, the New Economics Foundation reported in December 2002 that the number of post offices in the UK has been in steady decline at around 2% to 3% a year for the last ten years. In 1981, there were 22,000 post offices in Britain, but by April 2001 this had fallen to 17,846. According to the Financial Times, Britain lost 547 post offices in 2001, 112 of which were in urban centres. More recently, similar trends appear to have been continuing, but definitive data is not currently available.
- 2.27 The automation of services (i.e. direct debit payment methods and banking transfers) has reduced handling fees, which Post Offices rely on for revenue; the lack of suitable replacement sub-postmasters/mistresses when they retire; and reductions in shoppers in local centres, have all contributed to increasing the number of Post Office closures. The New Economics Foundation

stated, *'where the supermarkets draw away shoppers, the post office goes too. If one end of these businesses comes under threat, either the retail or the post office – the community risk losing both institutions for good'*.

- 2.28 Despite the government announcement in December 2002, that £450 million would be received by the Post Office in return for keeping rural branches open, and grants of up to £50,000 will be given to urban post offices in some of the poorest areas to make them viable and prevent closure, the Government and industry observers said that this would not prevent further closures (New Economics Foundation, 2002). The Post Office announced in February 2003 that 3,000 urban branches were to close before December 2005 under the urban reinvention programme. This was reinforced by Royal Mail in September 2003. The trend is therefore set to continue.

Banks and Building Societies

- 2.29 Barclays, Lloyds TSB, HSBC and RBS Natwest, known collectively as the 'Big Four', account for over two thirds of all private current accounts in Britain and together have a virtual monopoly (89%) over small business accounts (New Economics Foundation, 2002). Rationalisation by the 'Big Four' has contributed to many branch closures, and technological advances through the emergence of telephone and internet banking; competition from branchless banks (the average cost to the bank of a transaction in a branch is twice as much as that conducted over the telephone); and the availability of banking services through post offices, have all impacted upon bank and building society branch numbers.
- 2.30 During the 1990's, the number of high street bank branches fell dramatically, and Britain lost over a quarter of its branch network. Between 1988 and 2000, the number of bank branches fell from approximately 17,500 to 12,000, with more than 3,500 bank branches closing between 1995 and 2000 (The Mail on Sunday, October 2002). The British Bankers Association reported that more than 150 bank branches were closed in 2001, whereby Lloyds TSB (74), Barclays (35), Halifax (22), HSBC (19) and Bradford & Bingley (11), were responsible for the majority of them. In addition the Building Societies Yearbook reported that 200 Building Society branches disappeared from the 'high street' between 2000 and 2002. Furthermore, the Bank of Ireland announced in September 2003 that it would close 200 of its UK based Bristol & West branches, as part of a cost cutting exercise. Deloitte Research estimates that the termination programme will continue, and a further 3,600 bank branches will close by 2005.
- 2.31 The British Bankers Association piloted a scheme throughout 2002 in ten communities, to allow customers to make withdrawals and exchange notes and coins through a competitor's bank branch. A feasibility study for a national branch sharing scheme has also been produced (March

2003) and further reports and announcements are expected back from the banking industry in due course regarding the future for branch sharing. Abbey National has already undertaken a branch sharing scheme of its own. Costa Coffee bars have been incorporated in several branches, and other outlets have been set up in Safeway and Homebase stores. Abbey National and WH Smith have also been reported to be considering a similar move. The decline in the number of bank and building society branches has been paralleled by an increase in the number of ATMs, which enable customers to withdraw money from their accounts 24 hours per day. The presence of suitably located ATMs is becoming an important factor in the success of many shopping areas.

Public Houses

- 2.32 The decline of district and local centre services is also evident in the pub trade. Business analysts KeyNote have reported that the number of pubs has fallen by 6.5% since 1990. This has also been reiterated in an announcement by the Campaign for Real Ale (CAMRA) that 20 pubs close every month. The worst affected are traditional pubs and inns which have lost customers due to young drinkers' preference for large, urban theme pubs and wine bars (which may cause amenity problems if clustered together and/or located in close proximity to residential areas). In rural areas, there is often high demand for redundant pubs to be converted to residential use. But in more secondary parts of town and local centres, closed pubs often remain vacant for considerable periods of time, detracting from the overall environment and becoming increasingly dilapidated. Some traditional pubs have been successfully converted to 'gastropubs', specialising in high quality food, and drawing customers from a wide area.

Asian and other ethnic retailing

- 2.33 Asian retail centres often provide a retail offer which meets most of the local population's needs in a single destination, for example providing outlets for ethnic foods and clothes, as well as professional services such as lawyers and accountants. Often Asian centres become a focal point for ethnic minorities from a wide area, eg Small Heath local centre. Most Asian retail centres do not have a transparent market. Businesses tend to be family run and in freehold ownership, with the majority of property deals not being reported in the market. Property market information is therefore very limited.
- 2.34 Asian/ethnic retailers tend to be single unit shops run as a family business, serving predominantly Asian/ethnic communities. However, over the last 3 to 5 years a number of retailers have begun to open stores in more than one location. These stores tend to be designer (fashion) outlets, but are still run by families in predominately ethnic areas. Daminis, which could be described as the first Asian multiple retailer, is providing a brand name and image of designer clothing. Other retailers

such as Chiffons seem to be pursuing a similar strategy. Again the retailer is targeting the Asian designer clothes market by providing a brand/designer name, with which customers can associate.

2.35 Although the expansion of multiple retailers across the UK's ethnic centres is likely to be slow, retailers within India have begun to forge international ties, focusing on the UK, USA and Canada. Khubsoorat, for example, has an outlet in New Delhi and in Green Street in the London Borough of Newham. Others include Benzer, which has outlets in Harrow and Delhi, and Frontier fashions, which has stores in India (Punjab) and Canada. Other retailers in the Indian sub-continent, such as Kulthams and Lakshmi do not have shops under their own names but have developed links with smaller retailers in the UK and Canada to display and supply their goods, as well as allowing customers to pick up clothes that they may have ordered while on holiday in India. Asian retailers have also begun to embrace technology, with stores such as Benzer opening up sites on the internet. Retailers such as Roopam, the international mail-order company based in Bombay, are following suit.

2.36 Asian retailing will probably continue to be dominated by the family run business. However, the next generation is beginning to incorporate the quality (of shopping environment) associated with national multiples, with the personal services of the individual retailer. They may therefore soon be breaking into the mainstream retailing centres. In addition many second/third generation Asians, born in Britain, are more likely to shop in the usual range of national multiple retailers common to most 'high streets'. There may therefore be a gradual erosion of the sharp distinction between Asian and mainstream retailing which currently exists; but this is likely to be a slow process, and there will be a continuing demand for shops providing goods and services to meet the needs of specific communities. This will provide a continuing opportunity for some secondary shopping locations to specialise in this way, with a few having the potential to develop a more than local role.

SUMMARY

2.37 Many of these trends indicate that there will be a continual challenge to the role of secondary shopping over the next few years, in particular as a result of:

- A likely slowdown in the rate of growth in retail sales;
- A continued decline in the number of shops and lack of demand for small shop units, as multiple retailers continue to seek larger premises;
- Continued concentration of comparison goods retail sales into larger centres;
- The growing (but still fairly marginal) effects of e-commerce;

- ❑ Continued pressure from the major food retailers for new or expanded superstores, providing increased ranges of non-food goods, and services;
- ❑ Potential decline in the number of local pharmacies;
- ❑ Continued decline in the number of post offices;
- ❑ Continued reductions in bank and building society branch networks;
- ❑ Continued decline in the number of public houses, with demand focusing on large themed bars clustered into secondary streets in the larger urban centres.

2.38 Areas which may present opportunities for secondary shopping include:

- ❑ Planning restrictions on out-of-centre retailing may create opportunities for quasi retail park developments in or on the edge of some centres;
- ❑ Value-oriented comparison goods retailing is a growth area, which may provide opportunities for near prime secondary shopping locations in large centres, and for some district centres;
- ❑ Small format convenience stores operated by the main grocery retailers may be a growth area, but only in 'niche' (mainly more wealthy) locations;
- ❑ Discount foodstore operators continue to seek expansion;
- ❑ Growth of specialist food retailers eg offering high quality continental or organic foods, perhaps combined with a café – but only in more wealthy locations;
- ❑ Possible conversion of traditional pubs into food-orientated 'gastropubs' able to attract custom from a wide area.
- ❑ Continuing demand for shops aimed at meeting the needs of particular minority ethnic communities;
- ❑ Growth and improvement of farmers' markets and continental markets.

2.39 There may also be significant scope for strengthening the role of some secondary shopping areas, where other non-retail uses can be expanded or improved. In particular, improvements in health provision (eg new surgeries) or education (eg improved libraries or schools) could be significant.

- 2.40 An important conclusion from our analysis of national trends is that it remains of critical importance to maintain and improve the food retail offer of secondary shopping locations as appropriate, particularly district centres and the town centres of small free-standing towns. Food shopping underpins the role of many such centres, and where stores are well integrated, this creates the potential for linked trips with other retail and service uses.

3. RECENT CHANGES IN SECONDARY SHOPPING

3.1 In this section, we describe changes in the composition of secondary shopping in terms of changes in the number of shops occupied by each category of retail and service business, over approximately the last 10 years. In doing so, we group the secondary shopping locations into three categories as follows:

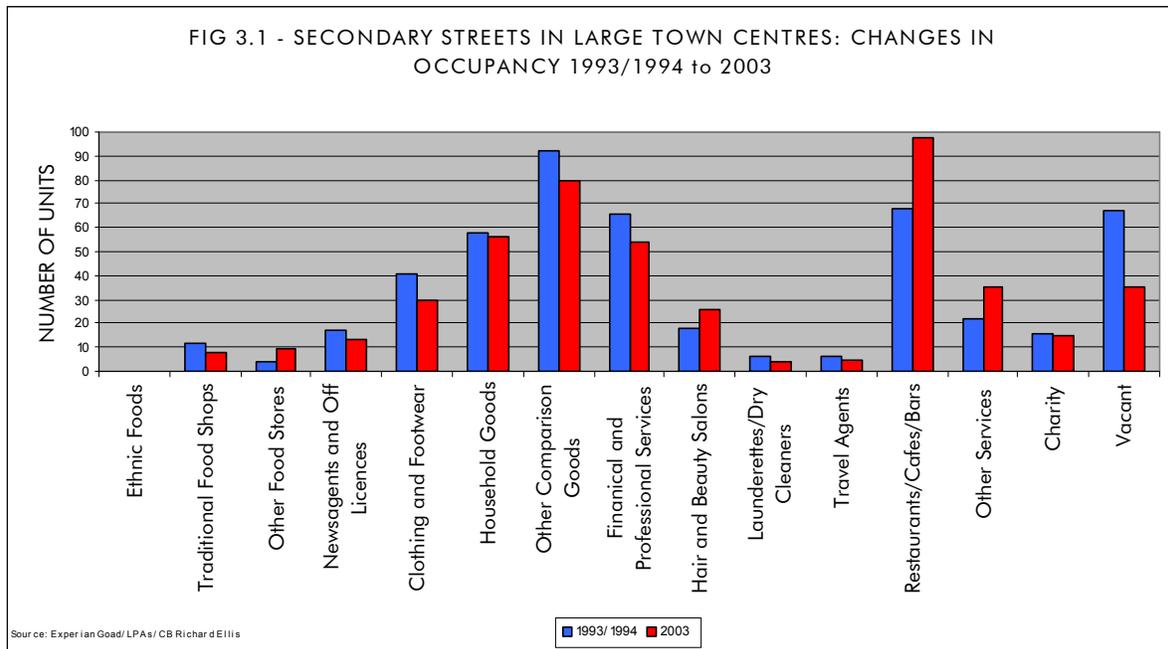
- ❑ Secondary streets in large town centres;
- ❑ District centres in large towns;
- ❑ Town centres of small towns

For comparison, we also describe changes in the prime retail areas in the large town centres. Finally, we review the overall picture of the combined changes in all the secondary shopping areas together.

3.2 It should be noted that the base year of the analysis was not the same for every case study area, owing to limitations of data availability. The summary of changes in each group of locations described below therefore relate to an approximate rather than a precise 10 year period. The variation in the base year is greatest in the case of the district centres in large town centres. Despite this, the results presented provide a good indication of changes over the last 10 years or so.

Secondary Shopping Streets in Large Town Centres

3.3 Figure 3.1 shows the changes in representation of each of 15 types of shops and service businesses (including vacant shops over the period 1993/94 to 2003). The first seven categories are retail shops, excluding charity shops. The next six categories are service businesses. The final two categories are charity shops and vacant shops. Figure 3.1 shows that in secondary shopping streets in the large town centres, every category of retailing has declined in terms of shop numbers, except for the 'other foodstores' category. This includes all food shops other than ethnic foods and the traditional food shops of bakers, butchers, greengrocers and fishmongers. It therefore includes supermarkets, frozen foods, delicatessens, health food shops and off licenses. Thus there has been a significant overall reduction in the number of retail shops, which is particularly marked in the case of clothing and footwear and the 'other comparison goods' category (which includes leisure and luxury goods).

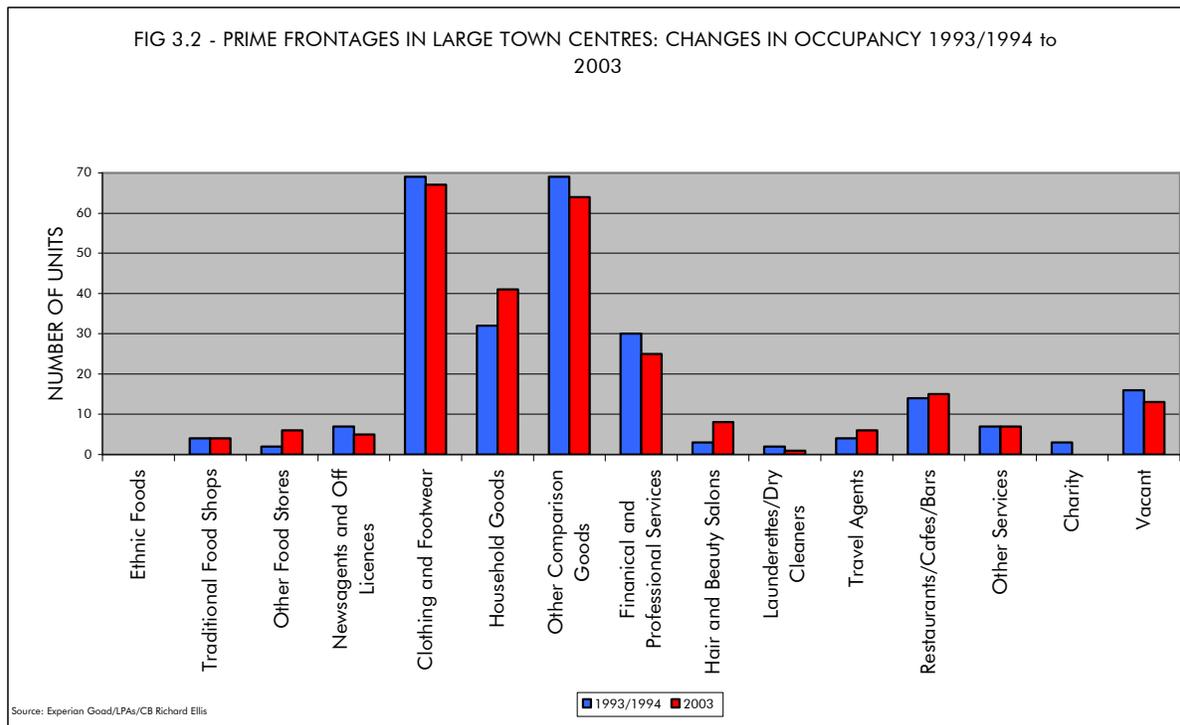


3.4 The position in relation to services is more mixed. Figure 3.1 shows that there has been a significant reduction in the number of shops occupied by financial and professional services. This is no doubt a consequence of the wide ranging closure of bank branches over the last 10 years. However, this has been more than exceeded by combined growth in hair and beauty salons and particularly in restaurants/cafés/bars. Indeed, some of the latter are located in former branch bank buildings. There have been small reductions in launderettes/dry cleaners and in travel agents, but a substantial increase in ‘other services’.

3.5 In the secondary shopping streets in large town centres there are some charity shops, which have declined very slightly in number over the period. The number of vacant shops has, however, almost halved in the last 10 years or so. This is partly because service businesses have taken up space vacated by retailers, but also because the total number of shops has declined by just over 5% over the period.

3.6 For comparison, we show in Figure 3.2 the changes in occupancy in the major part of the prime retail areas in the same large town centres. Figure 3.2 shows that the most represented retail categories in the prime retail areas are clothing and footwear, household goods and ‘other comparison goods’. These three categories dominate the retail provision. In terms of changes, there has been a marginal reduction in the number of units occupied for clothing and footwear retailing and other comparison goods retailing, but a significant increase in the number occupied for household goods retailing. There has also been a substantial increase, but from a very low base, in the number of shops occupied by ‘other food stores’. Figure 3.2 shows that service

businesses are much less important in the prime retail areas than in the secondary shopping streets. Only financial and professional services and (to a significantly lesser extent) restaurants/cafés/bars, have substantial representation. The former have declined moderately in numbers, whilst the latter have seen a very slight increase. Charity shops have been eliminated; and the number of vacant shops has fallen moderately.



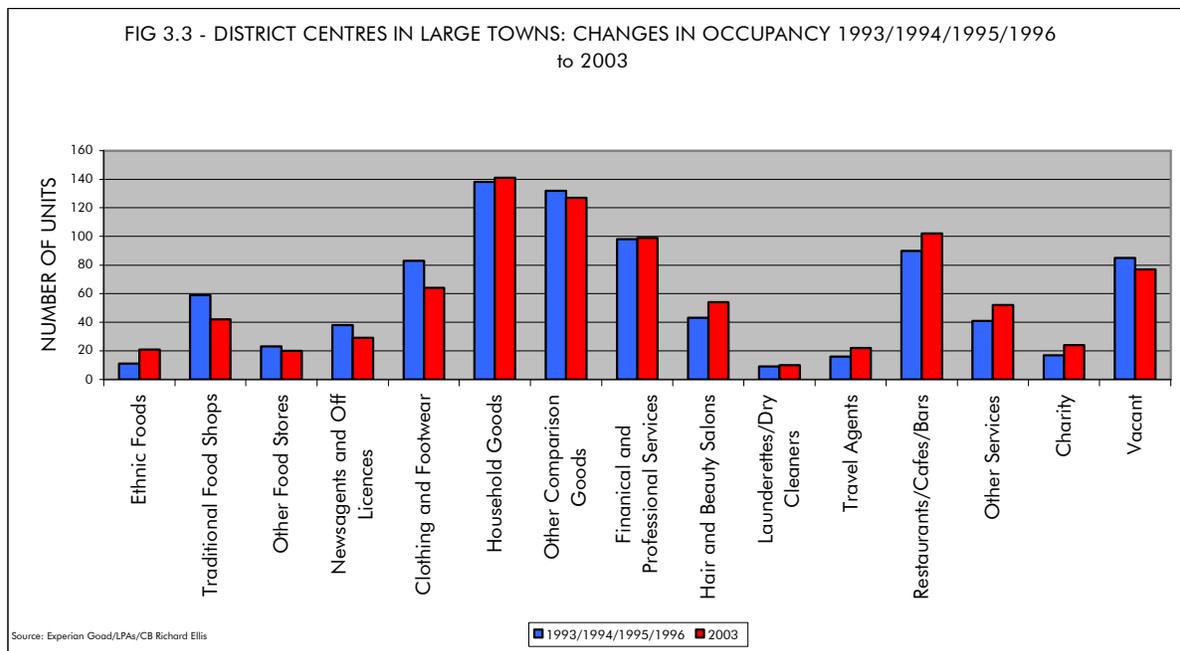
3.7 The picture is therefore not clearly one of retail uses displacing service uses from the prime retail areas, at least in terms of the numbers of shops. However, this masks the fact that in some prime areas, adjacent small shop units have been combined to form larger stores, often with extensions to the buildings, so that the amount of retail floorspace has remained the same or increased, whilst the number of retail shops has reduced. With this interpretation, the data does show the continued dominance of retailing in the prime areas, and the relative unimportance of most services, apart from financial and professional services and restaurant/cafés/bars; the former of which has declined in numbers whilst the latter has very slightly increased.

3.8 Overall therefore, the picture for large town centres as a whole is of retail uses retaining their dominance in the prime areas whilst declining in the secondary; and of service businesses reducing in number in the prime areas and increasing in the secondary. There is therefore a degree of displacement of services to the secondary areas, which are the locations where most growth in service businesses has been located. The key characteristics of secondary streets in the large town centres are that they have very few food shops (only 4% of the total); and services now outnumber

retail shops in terms of the number of shops (47% compared with 42% in 2003). They also contain a much wider diversity of business types than the prime retail areas in the same town centres, most of which (apart from the branded pubs and restaurants) are independent businesses.

District Centres in Large Towns

3.9 Changes in the number of shops by retail and service category in the group of district centres studied are set out in Figure 3.3. This shows that there has been a significant growth in ethnic shops, although this has occurred only in Small Heath local centre in Birmingham, amongst the six locations forming this group. In every other retail category apart from household goods, the number of shops has declined, with the decline being greatest for traditional food shops and clothing and footwear shops. The former have suffered from growth in food superstores, whilst the latter from increased centralisation of fashion goods shopping into large town centres. The number of household goods shops has increased very slightly.



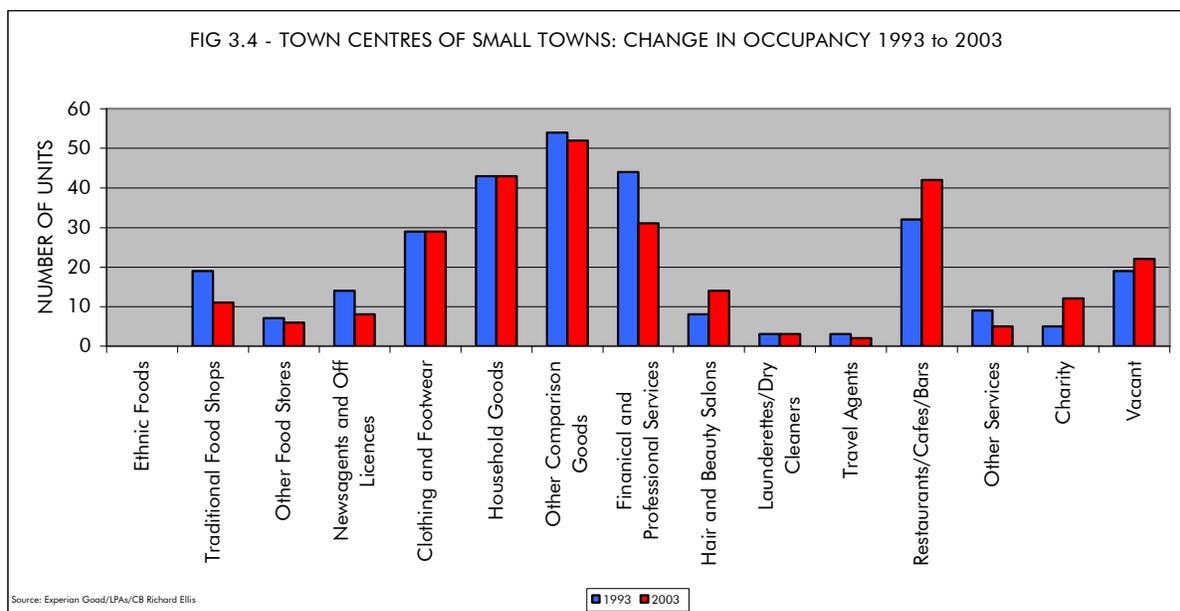
3.10 In these locations, every category of service business has seen an increase in the number of shops, particularly hair and beauty salons, travel agents, restaurants/café/bars (although in this case to a lesser extent than in the secondary shopping streets of large town centres) and ‘other services’. Whilst bank branches have been closed in district centres, they have often been replaced by estate agents and other financial and professional services. The smaller increase in restaurants/café/bars is probably because district centres are unable to offer the same ‘critical

mass’ of such facilities as the secondary shopping streets in large town and city centres, being less attractive destinations for leisure visits.

3.11 In the district centres, there has been a significant increase in charity shops. Whilst there has been a reduction in the number of vacant shops, it has been significantly less than in the secondary shopping streets in large centres and the vacancy rate in district centres remains higher (9% compared with 7%). The key characteristics of the district centres are that they are the most important destinations for food shopping, having 9% of their shops used for this purpose; and that the retail shops still outnumber service businesses (50% compared with 38% in 2003).

Town Centres of Small Towns

3.12 Changes in the numbers of retail and service businesses are shown by Figure 3.4. There were no ethnic retailers in the small town centres studied. In all the retail categories apart from two, the number of retail shops declined, with the decline being most marked in traditional foodshops and newsagents and off licenses. The number of shops occupied by clothing and footwear, and household goods, remained unchanged over the period 1993 to 2003.



3.13 In the case of services, the picture is again mixed. The number of financial and professional services has declined, partly due to bank branch closures, as has the number of travel agents (marginally) and the number of ‘other services’. However, there has been significant increase in hair and beauty salons, and in restaurants/cafés/bars.

3.14 In these small centres, the number of charity shops has increased substantially, but from a low base, whilst the number of vacant shops has increased marginally. Charity shops in such locations are likely to represent a degree of hidden vacancy, and so the real increase in vacancy has probably been greater than the change in the number of vacant shops suggests. The key characteristics of the small town centres are that food shopping remains important (accounting for 6% of all shops); and that retail shops still outnumber service businesses (53% of all shops in 2003 compared with 35% used for services).

Overall Changes in the Number of Secondary Shops

3.15 Figure 3.5 shows the overall changes in the numbers of shops by business category in all the case study secondary shopping locations combined, and indicates the percentage change in each category over the period from the early 1990s to 2003. It shows the high growth of ethnic foods (but from a small base, and only in Small Heath); the decline in most other forms of retail shops, and in financial and professional services; the growth of most other services, particularly hair and beauty salons; the growth of charity shops; and the reduction in vacancy. It also shows that there has been a small decline (2%) in the total number of shops in the case study areas.

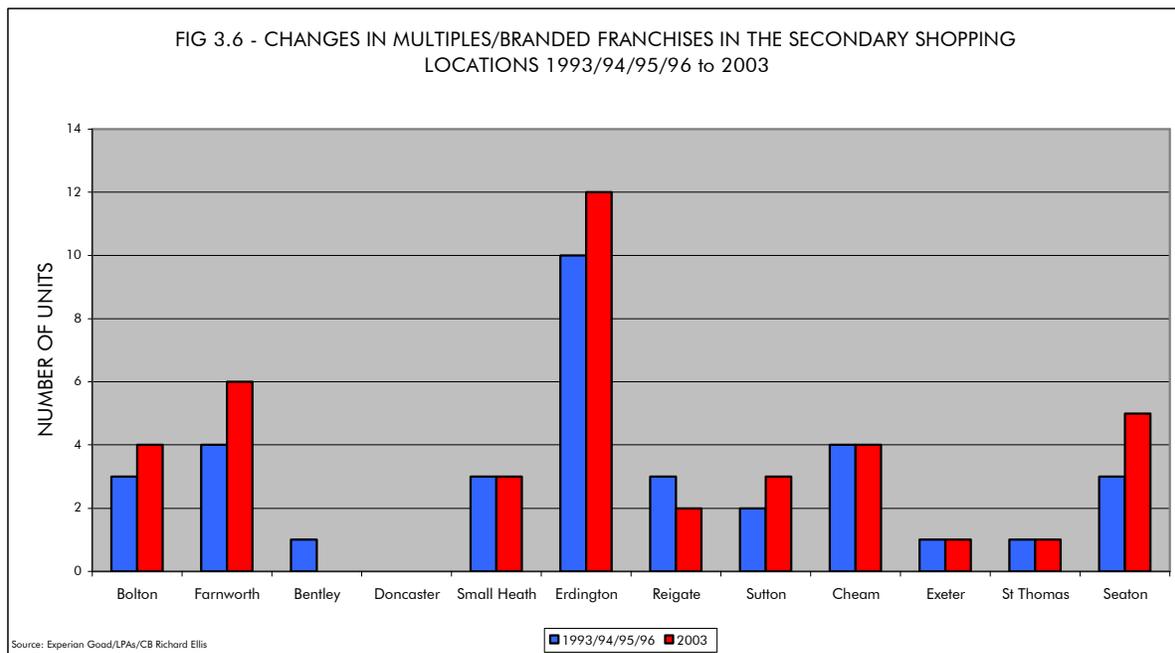
Figure 3.5: Changes in the numbers of shops by category, early 1990s to 2003.
ALL SECONDARY SHOPPING

Category	Number of Units		Change in Number
	Early 1990s	2003	
Ethnic Foods	11	21	91%
Traditional Food Shops	90	61	-32%
Other Food Stores	34	35	3%
Newsagents and Off Licences	69	50	-28%
Clothing and Footwear	153	123	-20%
Household Goods	239	240	0%
Other Comparison Goods	278	259	-7%
Financial and Professional Services	208	184	-12%
Hair and Beauty Salons	69	94	36%
Launderettes/Dry Cleaners	18	17	-6%
Travel Agents	25	29	16%
Restaurants/Cafes/Bars	190	242	27%
Other Services	72	92	28%
Charity	38	51	34%
Vacant	171	134	-22%
TOTAL	1665	1632	-2%

Sources: Experian Goad, LPAs, CB Richard Ellis surveys.

Changes in Multiple Retailer Representation

3.16 We assessed changes in the attractiveness of each case study location to multiple retailers, by looking at the numbers of a selected sample of multiple retailers and branded franchises, which were in each case study location at the beginning and end of the approximate 10-year period. The results are indicated on Figure 3.6. This shows that in most of the case study locations, representation by the sample of multiples has increased or remained the same. Only in Bentley district centre and Reigate town centre has the number fallen. The sample of multiples/branded franchises was chosen to be partly representative of the types of such companies which are currently found in secondary shopping locations. Results of this analysis therefore show that such companies are generally continuing to support secondary shopping locations, and overall, are modestly increasing their representation. We believe this is a consequence of the strong growth in retail sales over the last 10 years, a proportion of which (albeit decreasing) has been attracted by secondary shopping locations. The analysis does not indicate widespread abandonment of secondary shopping locations, by those multiple retailers and branded franchises which have in the past been commonly found in such locations.



SUMMARY

3.17 Some clear trends are apparent from our analysis of the numbers of shops of each category in the case study locations:

- ❑ The number of retail shops has declined significantly, particularly those occupied by traditional food shops, newsagents and off-licences, and clothing and footwear shops;
- ❑ Financial services, and to a lesser extent, launderettes/dry cleaners, have reduced in numbers;
- ❑ All other services have increased significantly in numbers, particularly hair and beauty salons, restaurants/cafes/bars, and 'other services';
- ❑ The number of charity shops has increased, but the number of vacant shops has declined; and overall the number of shops in these two categories combined has declined, indicating a decline in true vacancy.
- ❑ The total number of shops which are occupied and vacant, has fallen marginally (by 2%).

3.18 Within these overall trends there are significant differences between the three different types of secondary shopping location, the most notable of which are as follows:

- ❑ The decline in traditional food shops has been greatest in the town centres of small towns, as has the decline in newsagents and off-licences;
- ❑ But in the small town centres there has been no change in the number of clothing and footwear shops, whereas there has been significant decline in the other locations;
- ❑ District centres have retained about the same number of financial and professional services, whereas these have declined in the other locations, particularly the town centres of small towns.
- ❑ Small town centres have seen the greatest growth in hair and beauty salons, but a decline in 'other services' – which have grown in the other locations, and most strongly in the secondary streets of large town centres;
- ❑ Growth in restaurants/cafes/bars has been greatest in the secondary streets of large town centres;
- ❑ The number of charity shops has grown strongly in small town centres, and less so in district centres, but has declined slightly in secondary streets in large town centres;

- The number of vacant shops has increased marginally in small town centres, but has declined in the other two locations, particularly secondary streets in large town centres.

3.19 Overall, the analysis shows that the transition from retailing to services has been greatest in the secondary streets of large town centres, and least in the town centres of small free-standing towns. Whilst such town centres have been better able to retain a retail role, they have experienced a significant increase in the number of charity and vacant shops, which have declined in the other two locations, particularly secondary streets in large town centres. All three types of secondary shopping have survived despite changing their roles somewhat, and continue to provide a diverse range of shops and services, most of which are not available in the prime retail areas of large town centres. They therefore remain a very important part of the total shopping environment.

4. EXPERIENCE AND OPINIONS OF LOCAL BUSINESSES

4.1 To obtain information on the experiences and opinions of local businesses, we carried out a 100% sample postal survey of the retailers and service businesses in the case study areas. As expected with a postal survey of this type, the response rate was very low. Nevertheless, we received completed questionnaires from 67 businesses. Figure 4.1 indicates the spread of responses by business type and by each of the three categories of secondary shopping. Just over half of the responses were from retailers, with most of the remainder being from service businesses. The largest single category represented in the responses was comparison goods retailers.

Figure 4.1
Responses to the Survey of Businesses by Business Type

Business type	Secondary streets in large town centres	District Centres	Small town centres	TOTALS
Retailer - convenience		5		5
Retailer - comparison	5	15	12	32
Financial & professional services	5	2	2	9
Other services		7	1	8
Food & drink	6	2	3	11
Office		1		1
Other		1		1
TOTALS	16	33	18	67

Source: CB Richard Ellis Postal Survey of Businesses 2003.

4.2 To provide an indication of the economic health of businesses, they were asked whether the number of people they employed had increased, remained the same, or decreased over the last five years. Figure 4.2 summarises the results. It shows that overall, just under one third (32%) had increased their employment, and just over half (55%) had remained the same. Only 14% had decreased in employment. Thus overall, 87% of respondents had increased their employment or remained the same.

4.3 There are some differences between the three locational categories. Thus in the secondary shopping streets in large town centres, there had been no decreases in employment amongst the respondents, with equal numbers stating that employment had increased and that it had remained the same. In the district centres, only 18% specified increase, 61% remained the same, and 21% decreased. In the small town centres similar numbers (totalling 88%) specified increase and

remained the same. The picture given by the respondents is therefore predominantly one of stability or growth in employment; but with the weakest of the three locations over the last five years in terms of employment being the district centres.

Figure 4.2
Changes in the numbers of people employed over the last 5 years

Change in employment	Secondary streets in large town centres		District Centres		Small town centres		TOTALS	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Increased	8	50%	6	18%	7	41%	21	32%
Remained the same	8	50%	20	61%	8	47%	36	55%
Decreased		0%	7	21%	2	12%	9	14%
TOTALS	16	100%	33	100%	17	100%	66	100%

Source: CB Richard Ellis Postal Survey of Businesses 2003.

Notes: Individual percentages may not sum to 100% due to rounding.

4.4 A second measure of the economic health of businesses is provided by the question which asked whether their business is currently growing, steady or declining. The results of this question are set out in Figure 4.3. Overall, the picture is very similar to that of changes in employment over the past five years. Thus overall, 35% said their business was growing, 52% that it is steady, and only 14% that it is declining. Again therefore, 87% indicated growth or stability of their businesses.

Figure 4.3
Health of Responding Businesses

Health of Business	Secondary streets in large town centres		District Centres		Small town centres		TOTALS	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Growing	4	25%	10	30%	9	53%	23	35%
Steady	11	69%	17	52%	6	35%	34	52%
Declining	1	6%	6	18%	2	12%	9	14%
TOTALS	16	100%	33	100%	17	100%	66	100%

Source: CB Richard Ellis Postal Survey of Businesses 2003.

Notes: Individual percentages may not sum to 100% due to rounding.

4.5 As before, there are differences between each category of location. In this case, the district centres again show the highest proportion of businesses experiencing decline (18%), compared with 6% in the large town centres and 12% in the small town centres. This question provides better evidence of current business health than the question about past changes in employment. Comparing the

answers to the two questions suggests that in terms of current health, the secondary streets in large town centres are not now performing quite as well as they have over the past five years. It also suggests that the district centres and small town centres are now performing slightly better than over the past five years. However, these conclusions are necessarily tentative, because of the small samples of businesses responding in each case. These samples were too small to permit cross tabulations of the answers regarding business health against individual business types. The combined totals are more robust, and suggest that overall, there is little evidence of serious decline in the health of businesses in secondary shopping areas.

4.6 In the postal survey, businesses were also asked questions about strengths and weaknesses of their current premises and location for their business, the numbers of people they employ, and their suggestions for improvement of the area to enhance the prosperity of their business. These results are all summarised in the Case Study Analysis report. However, because of the wide range of answers given, and the small samples of businesses responding, we have not summarised the results in this report.

4.7 To supplement the results of the postal survey, we carried out face to face interviews with a total of (coincidentally) 67 businesses in the case study areas. In these interviews we were able to probe responses in greater depth. We therefore consider that the results of the interviews provide a better understanding of the experiences and attitudes of businesses than do the results of the postal survey. In Figure 4.4 (in the Appendix), we summarise graphically the problems which were identified by the businesses interviewed. This does not give the complete picture, because it does not provide information on the frequency with which problems were identified by businesses. Nevertheless, it does indicate the principal areas of concern.

4.8 Figure 4.4 shows that the most widespread areas of concern are:

- ❑ Customer car parking, including cost and enforcement issues;
- ❑ Inadequate pedestrian footfall or passing trade;
- ❑ Security problems;
- ❑ Anti-social behaviour;
- ❑ Inadequacy of or difficulties with town centre management or the local Traders Association.

Competition from other developments, in particular supermarkets, was also of significant concern.

4.9 The first two of these problem areas are linked, in that if there is not enough convenient local car parking at a low enough price, there may not be enough local pedestrian footfall and passing

trade. Increasing car parking nearby, such as by means of low cost or free on-street quick stop parking, could therefore increase footfall and improve trading conditions. We consider that a possible way of doing this in some locations could be the demolition of redundant or physically obsolete shops, and use of the site and former yards to the rear as small car parks – combined with new entrance features (such as residential or small office accommodation over an arched entrance) to replace the lost façade.

- 4.10 The second two problem areas are also linked, since both are aspects of security. Although we were not able to obtain detailed information on security matters, we are aware from our general experience, that retailers and service businesses in secondary shopping locations do not generally enjoy as good security services as do retailers in the prime shopping areas. Thus for example, few are members of retailers' radio links; and many do not have the resources to install sophisticated security systems, or employ their own security guards. Often the older buildings in the secondary shopping areas are inherently less secure than modern shops and stores in prime shopping areas. The security arrangements which apply in the prime shopping areas therefore need to be extended outwards into secondary shopping areas in large town centres; and similar arrangements need to be put in place in district centres and small town centres.
- 4.11 The responses regarding town centre management and the Traders Associations suggests that these are not operating very effectively to support businesses in secondary shopping areas. Thus for example, few small town centres and district centres have the benefit of a town centre manager or other formal town centre management arrangements. On this point, in five of the 12 case study locations, businesses said that town centre management or the Traders Association were 'dominated by more centrally located members'. This suggests that town centre management needs to embrace secondary shopping locations including small town centres and district centres, and not just be limited to large town and city centres.
- 4.12 Concerns about competition, particularly from supermarkets, are clearly fairly widespread. We identified a general concern amongst small businesses about the ability of large companies with bulk buying power, strong national brands, and modern accessible stores with plentiful car parking, to compete 'unfairly' with small independent businesses. The solution enunciated by many businesses interviewed was specialisation. Many attributed their survival and success in the face of such competition to their ability to provide a specialist product or service which is not provided by major national multiples. Despite this, these concerns by small businesses suggest that greater attention needs to be paid to the impact upon them of large scale new retail development in the vicinity, than has hitherto been the case.
- 4.13 From our own very extensive experience in reviewing retail assessments and impact studies submitted by developers of such schemes in support of their planning applications, we are aware

that almost none consider explicitly or adequately the effects on small businesses in secondary shopping areas. There is little requirement in current planning guidance (PPG6 of June 1996) to require them to undertake such detailed analysis. In relation to proposed substantial town centre and edge of centre developments, we consider that a detailed street by street assessment of potential effects on existing retailers and service businesses needs to be undertaken as part of the pre-application assessment. Proposed out-of-centre developments should also consider the effect on secondary shopping areas, if the concerns expressed by small businesses are to be allayed.

4.14 The businesses interviewed suggested a number of possible solutions to the problems they are experiencing. These are summarised graphically in Figure 4.5 (in the Appendix). Again, this does not indicate the frequency with which each potential solution was mentioned. However, Figure 4.5 shows that the principal suggestions were:

- ❑ More customer and staff car parking, and free car parking;
- ❑ Improvements to the public realm, both in relation to security, and to the general environment and facilities and amenities for shoppers;
- ❑ Changes to the mix and balance of businesses so as to increase retailing and provide 'anchor' retail attractions.

4.15 The suggested solutions for car parking mirror the concerns about inadequate customer car parking. There is little doubt that businesses believe that if car parking could be improved, particularly if it could be made free, pedestrian footfall would increase, thus improving business prosperity. Improved car parking was therefore seen as key. Of course in practice, it would be difficult to achieve in some locations, and may run counter to sustainability policy as currently interpreted by government and most local authorities. Innovative alternatives, for example local retailers co-operating to provide a shared delivery service, were not mentioned by responding businesses, but could perhaps be explored. In contrast to the suggestions about improved car parking, there was less emphasis on improvements to public transport, although a number of businesses did suggest that improvements to bus or rail services and to taxi services would be likely to benefit their business. There was little interest in pedestrianisation in secondary shopping locations.

4.16 The widespread mention of improvements to the public realm in secondary shopping areas probably arises from the limited improvements in such areas which have been carried out in recent years, compared with the improvements in prime retail areas. In none of the secondary shopping streets in large town centres which we studied had large scale public realm improvements been carried out in recent years, although such improvements had been installed in the prime retail

areas of these town centres. In most of the district centres there has also been very limited or no significant improvements in the public realm in recent years. This strongly suggests that there is a need to extend such improvements outwards into the secondary shopping areas; and to undertake substantial programmes of public realm improvements in district centres and small town centres.

- 4.17 The solution suggested by many businesses of improving the mix and balance of retailing so as to strengthen secondary shopping areas as retail destinations, runs counter to the trends of the last ten years. As our analysis of shop types in the case study areas over the last 10 years shows, the number of retail shops has declined whilst the number of service businesses has increased. The suggestion of attracting more retail businesses and 'anchor' stores is therefore likely to prove very difficult to achieve in practice.

SUMMARY

- 4.18 The overall picture painted by the results of the postal survey of businesses and the face-to-face interviews with them is that most businesses have remained steady or have grown over the last five years; and that most are currently experiencing stable or growing trade. However, it is clear that survival and prosperity in secondary shopping areas depends upon specialisation. Those retailers which are able to identify, or create and serve a 'niche' market – the 'destination retailers' will be those which survive and prosper; whereas generalists or retailers supplying similar goods to those of the national multiples (and sometimes at higher prices) will find it increasingly difficult to compete successfully.
- 4.19 Some of the problems identified by businesses are potentially capable of solution or amelioration. These include improvements to car parking and public transport, improvements to the public realm, and overcoming security problems. Other issues, in particular the mix and balance of retail and service businesses and the lack of strong retail 'anchor' stores, are likely to prove harder to overcome. There is clearly a need and an opportunity to apply town centre management to those secondary shopping locations which it has not yet reached.

5. RESPONSES BY LOCAL AUTHORITIES

5.1 It is clear from the case studies, and from our general experience, that the role of the local authority is crucial in securing regeneration of town and district centres. The District Council or unitary local authority is the statutory local planning authority, may be the highway authority, and often owns substantial property in a town or district centre. It is also usually one of the partners in any regeneration or town centre management partnership. We therefore reviewed the Development Plan covering each of the case study areas; and carried out in depth interviews with senior planning officers of each local authority who had been employed by the authority over at least about the last 10 years. The aim was to investigate the planning policies of each local authority, the effects of these policies, the actions which had been taken to improve the secondary shopping areas, and the timescales involved.

Planning Policies for Secondary Shopping

5.2 All the adopted and emerging local plans for the case study areas expressed support for the existing town and district centres in one form or another. Sometimes this takes the form of explicit policies that the Council will support development, consolidation, enhancement or other improvement of existing retail centres – which are all identified on the relevant proposals maps. In other plans, support for the existing centres is expressed in the supporting text. Often this includes statements about the existing retail hierarchy, coupled with different degrees of support for centres at different levels in that hierarchy. However, such support is usually broadly expressed, and does not distinguish between primary and secondary shopping.

5.3 More specifically, most adopted and/or emerging local plans designate primary and secondary retail areas within the identified retail centres. Different terminology is used in different plans, but the designation may be either area based or frontage based, or a combination of the two. The practical effect is to distinguish for the purposes of policy between primary and secondary shopping. In the smaller centres, such as district centres, such a distinction is not always drawn, however.

5.4 In terms of policies, different policies governing change of use usually apply between the designated primary and secondary shopping. Such policies are usually aimed at restricting change of use from Class A1 retail to other uses. In all the plans which have such policies, restrictions on change of use are more severe in the designated prime areas than in the secondary areas.

Usually these restrictions take the form of limiting the proportion of units or proportion of frontage which may be occupied by non A1 retail uses.

- 5.5 In the case of the secondary shopping streets in large town centres, there are rarely any other policies specific to such streets. However, there may be sites identified nearby (such as the large site in Bolton town centre on the east side of Newport Street south), which are identified for development in the Plan, with a range of acceptable uses specified. Similarly, in district centres and small town centres, potential development sites may be identified and acceptable uses and forms of development specified in policies or the supporting text, eg the Seaton Regeneration Area to the east of the town centre. In small town centres in particular, there are often policies for locating new development in accordance with the sequential approach, and for supporting the vitality and viability of the centre. In all secondary shopping locations, there may be policies related to highway improvements, such as indicating the alignment of a new road.
- 5.6 Because restrictions on change of use are more flexible and permissive in the secondary shopping areas, the practical effect is that expansion of service businesses has occurred mainly in the secondary shopping areas. On the one hand, this is beneficial because it enables the growing services sector to reuse buildings vacated by the declining secondary retail sector. On the other hand, it may accelerate the decline of retailing in the designated secondary shopping areas; because expanding services, for example A3 uses operated by national 'chains' – the so called 'super pubs' – can afford to buy out independent retail businesses located in good secondary positions. Whilst this preserves and perhaps enhances the buildings in such areas, it results in clusters of services, particularly A3 uses, which may be located between prime retailing and the remaining smaller secondary retail shops and service businesses, eg in Sutton town centre. Such uses generate footfall, but often mainly at times of the day when small independent retailers are closed.
- 5.7 One of the responses to this issue by local planning authorities has been the designation of specialist 'quarters', for example an entertainment quarter, leisure quarter, or evening economy quarter. In such designated areas, greater flexibility for change of use from A1 retail to uses for which the quarter was designated, may then be applied. This has perhaps worked best in Bolton town centre, where Bradshawgate has been designated for A3 uses. Because this street is off to the east side of the town centre, the resulting cluster of such uses does not separate the prime and secondary shopping areas. In contrast, in Sutton town centre the cluster at the south end of High Street does have this effect to some degree. Thus the location of such a designated area, and its relationship with the prime and secondary shopping areas, is likely to be critical to the success of this approach.

Improvement Action

- 5.8 In our case studies, we found that most improvement action by local authorities has taken place in large town centres and small town centres, with little in the district centres. However, even in the large town centres, most improvement action has been focused on the prime retail area; and any changes in the secondary areas, for example in traffic management, have been undertaken primarily for the benefit of the prime area rather than the secondary itself. We found that improvement action has been mainly of the following types:
- ❑ Traffic management and pedestrianisation;
 - ❑ Improvements to the public environment and the facilities and amenities for shoppers;
 - ❑ Promotion of major retail and other developments in and on the edge of the prime retail areas;
 - ❑ Promotion and/or permission of incremental changes of use and development in and around the secondary shopping areas.
- 5.9 Traffic management schemes have been undertaken in some of the secondary shopping streets in the large town centres, eg at the top end of Fore Street and South Street in Exeter. As indicated above, the main purpose has been to enable pedestrianisation of the prime shopping areas. There has been little or no pedestrianisation of the secondary shopping areas in the large town centres. There have, however, been minor improvements to pavement widths, junctions, street lighting, etc, in these secondary shopping areas.
- 5.10 In the small town centres, some significant road improvements have been carried out or traffic management changes made, and core areas of the town centre pedestrianised, eg Seaton town centre. There have also been improvements to pavement widths, junctions, pedestrian crossings, etc, such as in Reigate. Thus there is evidence of local authorities dealing with small free-standing town centres in a similar way to which they have dealt with large centres.
- 5.11 In the district centres, there is much less evidence of such improvements. District centres generally have been the 'poor relation' in terms of their ability to attract local authority funding for improvements. However, there are examples of traffic management and pedestrianisation, and smaller scale improvements, but most of these were carried out some years ago. There is little evidence of current active programmes of substantial improvements to district centres; although studies of need have recently been commissioned, such as our Birmingham Local Shopping Needs Study.

- 5.12 Local authorities have been, and still are active in promoting major retail redevelopment schemes in large town centres, eg the Princesshay scheme in Exeter city centre, and the Interchange project in Doncaster town centre. This has included assistance with site assembly, marketing of sites to developers, and negotiating planning permissions and development agreements. However, such schemes are all in or very close to the prime shopping areas, and are aimed at expanding and consolidating prime retailing through the attraction of new 'anchor' stores and multiple retailers. There is very little evidence of local authorities promoting and securing new retail developments in or on the edge of secondary shopping areas, although sometimes sites are identified. This appears to be a neglected area, where financially viable mixed use schemes could potentially benefit nearby secondary shopping. Some of the new retail developments which have occurred in such locations (eg. food superstores) have been granted planning permission on appeal, in the face of objection by the local planning authority.
- 5.13 In addition to resource constraints, the reasons for lack of development promotion by local authorities in secondary shopping areas are probably three-fold. First, such areas are often seen as lower priority for improvement because they have low pedestrian footfall and are regarded as of limited importance in retail terms. Second, retail property values are low in such secondary areas, and often too low to make new development financially viable. Third, there are often few potential development sites available in or close to secondary shopping areas, because housing and other uses often come close up to the rear of the shops on the secondary shopping streets.
- 5.14 It is clear from our case studies that most investment by local authorities in improving the public realm in large town centres has gone into improvements in the primary shopping area alone. However, there is evidence that local authorities are now preparing to extend such improvements outwards into the secondary shopping areas eg in Doncaster and Bolton town centres. In the small town centres, there is evidence of significant environmental improvements in recent years, eg Seaton town centre. Again, the district centres are the locations which have received least attention in terms of environmental improvements and improvements to the facilities and amenities for shoppers. Of the 6 case study district centres, only in Farnworth has there been substantial and wide ranging investment in the public realm, but that was in the late 1990s.
- 5.15 In the secondary shopping areas, local authorities have generally promoted or permitted changes of use and development in an incremental manner. Thus some of the areas surrounding secondary shopping have slowly changed from, for example, light industrial uses to residential uses (eg the areas immediately north-west and south-east of Fore Street, Exeter), thus increasing the immediate local support population. There have also been improvements to cultural or leisure facilities, and to heritage attractions in these areas.

Timescales for Improvement

- 5.16 Our case studies have shown that actions by local authorities to improve both primary and secondary shopping areas have taken place over very long periods. Thus for example, it has taken very many years to implement the construction of new roads and associated major traffic management works so as to enable the assembly of sites for major new prime retail development and pedestrianisation of traditional high streets. Periods of 10 to 20 years are not uncommon, eg Sutton town centre. Even in small town centres, programmes of improvement have extended over many years. In each case, this is partly due to extensive procedural requirements, but also to resource constraints upon the local authorities.

SUMMARY

- 5.17 In summary therefore, the general picture is of local authorities being flexible in permitting changes of use to non-A1 retail in designated secondary shopping areas. Whilst this may have helped to reduce vacancy, it may also have contributed to an acceleration in the retail decline of such areas, as well as to the creation of 'night time ghettos', and discontinuity between primary and secondary retailing areas due to clusters of A3 uses. There is also evidence of local authorities identifying potential development sites close to secondary shopping areas, and indicating acceptable uses and forms of development. Improvement action by local authorities has been mainly focused on the prime retail areas in large town centres, and on small freestanding town centres. District centres have received the least attention and investment. Improvement programmes undertaken by local authorities have taken very many years to plan and implement, often due to substantial resource constraints. Frequent and timely planned maintenance of the public realm after improvement is generally absent.

6. PRINCIPAL CONCLUSIONS

National Trends

- 6.1 National trends in retailing have clearly shown why some forms of secondary shopping have come under pressure in recent years. The principal cause has been that, partly as a result of greatly increased personal mobility by shoppers, new investment and retail growth has been concentrated into a small number of large town centres, at the relative expense of a large number of small town and district centres. In addition, the growth of out-of-centre food superstores has reduced or removed the traditional retail ‘anchor’ role of main food shopping, from the centres of many smaller town centres and district centres. Whilst there has been substantial growth in some categories of services, others, in particular banks and other financial services, have also withdrawn from many such centres.
- 6.2 These changes have been occurring over many years, but there has been an acceleration of some (eg bank branch closures) over the last 10 years or so. Mitigating the effects on secondary shopping to some degree has been substantial national growth in retail expenditure and expenditure on services since the end of the economic recession of the early 1990s. However, the net effect of these trends has been substantial changes in secondary shopping and services in recent years. Our research strongly suggests that these changes have been more the result of national trends than of particular local events – although local events have also had specific local effects.
- 6.3 The case studies have shown that in general, secondary shopping is not declining in the sense of dying out. However, over the last 10 years there has been a reduction in retail units accompanied by an increase in service businesses. Particular retail sectors which have declined are traditional food shops; newsagents and off licences; clothing and footwear; and ‘other’ comparison goods. Particular service sectors which have grown are hair and beauty salons; restaurants, cafes and bars; and ‘other’ services. The charity sector has also grown. In the secondary shopping streets of large town centres, the number of shops occupied by service businesses now outnumber those occupied by retailers.

Relationship with Catchment Areas

- 6.4 The role and vitality of small town centres and district centres (in particular) depends on the relationship of the centre to its catchment area, and the demographic and socio-economic profile of that catchment area. Thus Erdington, for example, has a stable but ageing catchment population, which is not generating large increases in expenditure. As a result, most responding

businesses reported steady or declining employment and trade, rather than growth (although this may also be due to the increase in competition from other centres and new retail parks, in recent years). In contrast, Reigate has a comparatively high income catchment area; and has been able to attract some up-market specialist businesses, in the face of increased competition from Redhill town centre for mid-market retailing. Most responding businesses in Reigate reported steady or growing employment and trade. In a small number of specific locations (eg Small Heath), the catchment area has experienced substantial growth of ethnic minorities. As a result, there has been a substantial growth of ethnic businesses, such that these locations have become specialist centres for this type of business.

The Effects of Competition for Food Shopping

- 6.5 The prosperity of small town centres and district centres also depends to a significant degree on the competition they face from main food stores elsewhere, such as from superstores on out-of-centre sites, and whether or not they contain an ‘anchor’ main food store. Thus there are no out-of-centre food superstores in or on the edge of Farnworth’s catchment area, which means that it still retains an important role as a main food shopping destination, anchored by an in-centre Asda superstore, an Aldi discount supermarket, and a number of other food shops, and market stalls. Reigate was able to attract a new Safeway superstore to an in-centre site, at the same time as nearby competing Redhill town centre was substantially expanded by The Belfry development. Although the small Sainsbury’s and Tesco supermarkets closed in Reigate town centre as a result of the new Safeway, the overall effect was that the town centre’s role as a main food shopping destination was enhanced. The introduction of a regular farmers’ market further strengthened this role. Bentley district centre now has a Tesco Express supermarket, which retains food shopping in the centre despite an out-of-centre Morrisons superstore in north Doncaster.

Shop Vacancy

- 6.6 Shop vacancy rates in secondary shopping have been falling in recent years; but there are small pockets of severe decline and high vacancy, in or close to otherwise apparently healthy secondary shopping areas (eg New Bridge Street in Exeter city centre, the southern part of Newport Street in Bolton). Such areas of decline are generally due to obvious locational factors; such as severance from the main body of shops by a busy road (eg Newport Street south in Bolton), distance from other retail attractions or generators of pedestrian flow, adverse topography (eg Fore Street, Exeter); or ease/attractiveness of the pedestrian route. They may also be due to physical problems with the buildings themselves in these areas, eg small floor plans and deep basements in buildings on the north-west side of New Bridge Street in Exeter.

Diversity of Attractions

- 6.7 Secondary shopping areas generally comprise a much more diverse range of businesses than prime retail areas in the same towns. In the prime areas, retailing is dominant; and is mainly limited to clothing and footwear, household goods and 'other durable goods' (which includes leisure and luxury goods, etc). Services are few, and are mainly limited to financial and professional services, and restaurants/cafes/bars. In contrast, secondary shopping areas (excluding small local centres) usually contain a wide range of types of retail and service businesses.
- 6.8 This diversity of secondary shopping is a substantial strength. It underlines the continuing importance of such areas to their catchment populations, despite their decline relative to prime shopping areas for certain categories of retailing (principally fashion, household, leisure and luxury goods). Multi-format retailing and services is important to the economic and social health of towns. Secondary shopping is an important component of it, because such areas are often the only outlets for certain types of shops and services (eg Asian retailing in Small Heath, leisure-related retailing in Fore Street, Exeter). Successful secondary shopping areas also have a wide range of other attractions, for example, clinic, solicitor, dentist, health and fitness centre, churches, library, community centre, local authority offices, several of which are found in Bentley district centre. Thus diversity of attractions, not just shops and services, is important, particularly in small town centres and district centres.

Decline Relative to Prime Retailing

- 6.9 Although they have maintained occupancy by retailers or service businesses, in property market terms, secondary shopping areas have been declining relative to prime retailing:
- ❑ Rental values have fallen in real terms, or failed to rise as fast as those in the prime areas;
 - ❑ Retailer and service business demand is very limited, much less than in the prime areas, and mainly from small independent businesses. The exception is demand from A3 operators (many of which are multiples) in the secondary areas of large centres (eg the recent growth of A3 uses at the south end of Sutton town centre);
 - ❑ Shop property investment yields have not fallen as much as in the prime areas, indicating that investors expect less rental growth in the future than in the prime areas;

- ❑ Pedestrian flows have tended to decrease relative to the prime areas, particularly in the more peripheral parts of the secondary shopping areas (eg Hall Gate in Doncaster, the south part of Newport Street in Bolton);
- ❑ Shop rental values are too low for new retail development alone in secondary shopping areas to be financially viable. As a result, little new retail development has taken place in such areas, apart from some large food stores or retail warehouses taking advantage of the low land values (eg Co-op at Seaton; Asda, Morrisons and Big W at Small Heath).

The Importance of Specialisation

- 6.10 Survival of retailers and service businesses in secondary shopping areas depends substantially on specialisation; particularly in district centres in large towns, and the secondary shopping areas of large centres. There are very few multiple retailers in secondary shopping areas, although their numbers have grown marginally in recent years. Independent retailers in the secondary areas need to offer goods and a level of customer service not provided by the multiple retailers in the prime areas. Destination retailers may be the only source of particular goods in a town, eg the hat hire shop in Cheam district centre. They usually need low cost locations, and are able to prosper even where pedestrian footfall is low. This was confirmed by many of the retailers interviewed.

Improvements to the Public Realm

- 6.11 In the large town centres, substantial environmental improvements in the public realm and in the facilities and amenities for shoppers, have been widely carried out in the prime retail areas in recent years. However, partly because of resource constraints on local authorities, until recently most secondary shopping streets have not been included in such improvement programmes (eg Doncaster, Bolton, Exeter). The result has been to reinforce the distinction between the prime and secondary areas, making the latter sometimes appear unkempt in comparison. Such public realm improvements have not been widely carried out in small town centres or in district centres in recent years (eg St Thomas in Exeter, Bentley in Doncaster, Small Heath, Cheam).

Maintenance of Privately Owned Buildings

- 6.12 The maintenance of private sector owned buildings and shopfronts in secondary shopping areas is also generally inferior to that in the prime retail areas; probably due to the much lower values involved, and the fact that owner occupation is more common. It may also be a reflection of the probable marginal viability of many small independent businesses (although we were not able to obtain information on the profitability of businesses through the case studies). In most such businesses, the owner does not cost his or her (often extensive) time input to the business. If such time input was fully costed at market rates, it may well show that the business is actually making a

loss in business accounting terms, despite providing a living to its owner. But as one owner of a small retail business remarked, “we just don’t look at it like that”. In such circumstances, it is unlikely that the business would be generating sufficient income to pay for good standards of building maintenance. However, grants are sometimes available for improvements, for example for restoration of historic shopfronts in Conservation Areas.

Effects of Major Developments

- 6.13 Major retail developments in or near secondary shopping areas have tended to have large local effects, such as in shifting the ‘centre of gravity’ of a centre, and thus making secondary shopping areas even more peripheral (eg the Co-op store in Seaton, the Market Place Centre in Bolton, the St Nicholas Centre in Sutton). Shifts in the centre of gravity can threaten the more historic parts of centres, which are often the parts which have given centres their unique character (eg Seaton). They need to be anticipated, so that ameliorative action can be taken.

Developers’ Impact Assessments

- 6.14 Retail Statements submitted by developers in support of planning applications for major retail developments rarely consider the impact on secondary shopping areas per se. They usually assess the impact on town centres as a whole. They assert that the impact of large new food stores will largely fall on existing stores of similar size and type, without putting forward any evidence for such an assumption. Based on this assumption they usually conclude that there will be little impact on small independent food shops, or on small town and district centres which don’t contain large food stores. However, the national decline in the number of traditional food shops shows that this is not the case. Developers’ impact assessments also assess the impact on the sales turnover of existing centres, rather than the impact on profitability (because of the lack of data to do so), and thus are unable to provide any realistic information on the likelihood of shop closures. However, there is no requirement in PPG6 for developers to assess the impact of their proposals on the vacancy rate in secondary shopping areas specifically.

The Threat from Superstores

- 6.15 Modern food superstores have undoubtedly brought higher quality and a wider range of food, at lower prices, in a manner convenient for car users. However, in addition to their impact on the ‘anchor’ food shopping role of small town centres and district centres, out-of-centre food superstores are now increasingly threatening non-food shopping and services in such secondary shopping centres. All of the main food superstore operators are increasingly diversifying into non-food shopping, and to some extent into services. It is in non-food shopping and some services that the growth potential mainly lies, and the major food retailers are tapping into it to maintain their growth. Throughout the country, existing food superstores are being expanded, and increasingly

large new superstores developed wherever possible. A high proportion of the additional floorspace is being devoted to non-food goods, and services such as photo-processing, financial services, dry cleaners, customer cafes. Many such services are already located in existing secondary shopping areas. Such expansion of superstores therefore directly threatens any nearby secondary shopping centres with which they are competing.

Flexibility of Planning Policies

- 6.16 Planning policies in secondary shopping areas mainly take the form of frontage designations with changes of use restrictions; with limited identification of potential development sites in or on the edge of such areas. The frontage policies are generally more flexible than in designated prime retail areas; and are more permissive of change of use to non-A1 uses. This has enabled substantial growth of branded café/bar/restaurant uses in the secondary shopping streets in large town centres, eg Bolton, Doncaster, Sutton. These have taken up buildings vacated by retailers and by banks, thus contributing to the fall in shop vacancy. However, they may also have accelerated the transition from retailing to services, by means of their greater buying power.
- 6.17 In some town centres, they have created non-retail zones of transition between prime retailing and secondary retailing (eg Sutton), and a discontinuity between the two forms of retailing. They have also created problems of loss of local amenity. As was said of one such area in one of the case study towns, "it is like Faliraki on Friday and Saturday nights"! The response of some local authorities has been to designate such areas as specific 'quarters' for leisure or entertainment uses or for the evening economy; and apply planning and management policies appropriate to such uses. The success of such designations depends on the location and characteristics of the area designated, and on its relationship with the prime and secondary shopping areas. Where it is not between the prime and secondary shopping, it is less likely to fracture pedestrian linkages between the two forms of shopping, eg Bradshawgate in Bolton.

Action by Local Authorities

- 6.18 Most site assembly and promotion of development by local authorities has been in or adjacent to the prime retail areas. Also, most improvement action, such as construction of new roads or junction improvements and new traffic management arrangements, has been for the purpose of enabling improvements to or developments in the prime retail areas (eg pedestrianisation), even when such actions actually occur in or near secondary shopping areas. An example is Exeter, where new traffic management arrangements were put in place in South Street and north Fore Street, to assist partial pedestrianisation of High Street (the prime retail area). In Sutton, the parallel roads, and the southern gyratory which passes through the case study area, were created

to enable development of the prime St Nicholas Centre and other schemes, and pedestrianisation of High Street.

- 6.19 Local authorities have not often been pro-active in relation to the regeneration of secondary shopping areas. There is somewhat limited evidence of them assembling and marketing sites for new retail development in or on the edge of secondary shopping areas. This is not surprising, given the long-term trend towards the location of new town centre retail development in the largest centres in the country, and the low values in secondary shopping areas. It is also a reflection of the lack of suitable sites for substantial development in or immediately adjacent to many secondary shopping areas. In most such areas, housing or other 'hard' uses are often close up to the backs of the shopping buildings, and there are few 'soft' sites potentially available to accommodate development on a scale sufficient to change the centre's fortunes, for example through the development of a large new food store. Improvement action in secondary shopping areas has tended to be by means of cumulative small-scale changes over time, rather than a single major event such as a large scale development.
- 6.20 Where improvement action in primary or secondary shopping areas has occurred, the process has usually been a long one, stretching over many years. It has included preparation and adoption of new planning policies, site assembly, financing, marketing and construction. In Sutton town centre, for example, the process which led to and included the development of the prime St Nicholas Centre and pedestrianisation of High Street, stretched over about 25 years, starting in the 1960s. In Doncaster, the 'Quality Streets' programme of major environmental improvements was conceived in the early 1990s, and has so far covered only the prime and best secondary shopping areas (not including the Hall Gate triangle). A major new prime retail development in Doncaster town centre, The Interchange project, is now under construction, but will not be completed until about 2006.

Concerns of Local Businesses

- 6.21 In or on the edge of some secondary shopping centres (eg Seaton and Farnworth), proposals for redevelopment or improvement are being formulated. However, there is considerable uncertainty or lack of awareness about these amongst local businesses. The result is concern and negativity amongst existing businesses rather than a spirit of positive cooperation and support. In secondary shopping areas generally, there is little support from existing businesses for town centre management or local traders' organisations. But town centre management is not widely applied in small town centres and district centres; and in the secondary shopping areas of large centres, it is often perceived to be mainly for the benefit of the prime retail areas.

Planning Appeal Decisions

6.22 There have been few planning appeals in secondary shopping areas in recent years. This is partly because the pressures for development have been limited. It is also because local authorities have been flexible in permitting changes of use from Class A1 retail to other uses. Planning appeals which have occurred, have mainly been in relation to change of use, or to alterations to shop fronts, such as the installation of roller shutters. The outcomes have been mixed, with the Planning Inspectorate permitting some but refusing others. No clear pattern could be discerned from the limited number of appeals in the case study areas.

SUMMARY

6.23 In summary, our principal conclusions are as follows:

- Our research strongly suggests that the changes in secondary shopping over the last 10 years have been more the result of national trends than of particular local events – although local events have also had specific local effects;
- The role and vitality of small town centres and district centres (in particular) depends on the relationship of the centre to its catchment area, and the demographic and socio-economic profile of that catchment area;
- The prosperity of small town centres and district centres also depends to a significant degree on the competition they face from main food stores elsewhere, such as from superstores on out-of-centre sites, and whether or not they contain an ‘anchor’ main food store;
- Shop vacancy rates in secondary shopping have been falling in recent years; but there are small pockets of severe decline and high vacancy. Such areas of decline are generally due to obvious locational factors;
- Secondary shopping areas generally comprise a much more diverse range of businesses than prime retail areas in the same towns;
- Although they have maintained occupancy by retailers or service businesses, in property market terms, secondary shopping areas have been declining relative to prime retailing;
- Survival of retailers and service businesses in secondary shopping areas depends substantially on specialisation;
- Until recently most secondary shopping streets in large town centres have not been included in public realm improvement programmes; and such improvements have not been widely carried out in small town centres or in district centres in recent years;

- ❑ The maintenance of private sector owned buildings and shopfronts in secondary shopping areas is also generally inferior to that in the prime retail areas;
- ❑ Major retail developments in or near secondary shopping areas have tended to have large local effects, such as in shifting the 'centre of gravity' of a centre, and thus making secondary shopping areas even more peripheral;
- ❑ Retail Statements submitted by developers in support of planning applications for major retail developments rarely consider the impact on secondary shopping areas per se;
- ❑ In addition to their impact on the 'anchor' food shopping role of small town centres and district centres, out-of-centre food superstores are now increasingly threatening non-food shopping and services in such secondary shopping centres;
- ❑ Planning policies in secondary shopping areas mainly take the form of frontage designations with changes of use restrictions; with limited identification of potential development sites in or on the edge of such areas;
- ❑ Most site assembly and promotion of development by local authorities has been in or adjacent to the prime retail areas and for the benefit of those areas, and there has been little new development in or adjacent to secondary shopping areas;
- ❑ There is concern and negativity amongst many existing businesses in secondary shopping areas, rather than a spirit of positive cooperation and support; and there is little support from existing businesses for town centre management or local traders' organisations;
- ❑ There have been few planning appeals in secondary shopping areas in recent years.

7. RECOMMENDATIONS

7.1 In this final section, we set out our recommendations for the actions which will be necessary if secondary shopping is to recover from the adverse trends of the recent past, and take advantage of future opportunities. We also comment on topics which we believe are in need of further research.

Creating a Coherent Pedestrian Environment

7.2 Coherence is key, and fragmentation is death for secondary shopping areas, where pedestrian flows are low. Therefore traffic management arrangements, urban design, planning permissions for change of use, and new developments, should all avoid fracturing pedestrian flows. Instead, local planning authorities and highway authorities should seek ways of:

- ❑ Increasing coherence for pedestrians;
- ❑ Removing or breaching barriers to easy pedestrian movement;
- ❑ Improving linkages with existing generators of pedestrian flow or attractors of shoppers, eg the prime retail area, existing car parks, the bus station;
- ❑ Introducing new generators or attractors of pedestrian flow in locations where the increased flow can benefit the greatest number of secondary shops. Examples could include car parking, bus stops, community or cultural facilities or a tourist attraction, a new food store, or residential development;
- ❑ Increasing accessibility for shoppers visiting specialist 'destination retailers', in particular by creating more quick stop on-street parking in or very close to secondary shopping areas – ideally free for an initial period.

Action by: Local Authorities.

Managing Change

7.3 It is better to anticipate market change and manage its effects, than to fight it unrealistically and suffer decline. So if fragmentation or loss of coherence is unavoidable, local authorities should anticipate and promote positive change. One way forward is to designate the area cut off as a

specific ‘quarter’ (such as for restaurants or evening entertainment, cultural facilities, or residential development). They should then pro-actively seek and support such new uses, and reconfigure and manage the public realm appropriately – whilst doing everything possible to avoid the creation of ‘ghettos’ in which a single use predominates and causes problems for neighbouring areas, or cuts off secondary retailing from the prime retail area. An alternative way forward is to encourage increased diversity of uses in declining secondary shopping areas and their environs, such as through re-use of vacant or under-occupied buildings, eg for housing, art and craft studios, small office suites, medical clinics; and/or the development of new cultural or community facilities.

Action by: Local Authorities.

Creating Financially Viable Developments

- 7.4 Property development to create new shops in most secondary shopping areas is unlikely to become financially viable unless supported by other value generators. So (where there is a demand from and need for more retailers and service businesses) other appropriate and compatible uses should be introduced to create value, and make possible the development of new shops at ground floor level. The most likely such use is high density residential units, but other value generators should also be sought.

Action by: Property owners and developers.

Improving the Public Realm

- 7.5 Environmental improvements to the public realm in large town centres should be extended out from the prime area into and throughout the secondary shopping streets (in conjunction with measures to overcome fragmentation and increase coherence). Environmental improvements, including passive measures to ensure security by design (for example closing superfluous ‘snickleways’ with doors), should be undertaken in district centres and small free-standing town centres where necessary.

Action by: Local Authorities and Regional Development Agencies.

Supporting Independent Businesses

- 7.6 Secondary shopping areas are highly dependent on independent retailers and service businesses. Often these lack sufficiently low cost business support services and advice. So the Regional Development Agencies, local authorities and town centre partnerships, should develop such support services and promote them widely to independent businesses. Examples of such services could include advice on buying and merchandising strategies, market research, window display

techniques, store layout; customer perceptions analysis (eg the 'mystery shopper' programme); assistance with customer service training; advice on taxation, financing, business accounting and general business management; assistance with promotion and marketing, or establishment of an on-line e-commerce capability. Support could also include promotion of grants which are available for business development or improvement of premises, and assistance with the preparation of applications.

Action by: Regional Development Agencies, local authorities and town centre partnerships.

Applying Asset Management Principles and Niche Marketing

7.7 Long term survival and prosperity of secondary shopping areas depends on specialisation of retailers and service businesses, rather than head-on competition with the prime retail areas. So local authorities should collaborate with private property owners and occupiers in secondary shopping areas, through the mechanism of a town centre partnership, to identify particular 'niche' markets appropriate to the area. Building owners should then seek to attract specialist destination retailers and services, which fit into and give effect to the overall plan for the future of the area agreed with the local authority; even if this means accepting lower rents in the short term. In the longer term, the stability and footfall which such businesses can bring, if well run and supported, can have the potential to raise values throughout the area. In effect, this means applying good asset management principles to secondary shopping areas, so as to create long term value for owners and occupiers, and thus ultimately for the town centre as a whole. Building owners should also support the provision of low cost business support services to their tenants.

Action by: Property owners, local authorities and town centre partnerships.

Using New Methods of Leasing

7.8 Most shops which are let, are let on full repairing and insuring (FRI) leases. Often tenants (particularly those with marginally profitable businesses) fail to comply fully with their repairing obligations, leaving such liabilities to accrue to the end of the lease. Under the Leasehold Property (Repairs) Act 1938, landlords are generally proscribed from entering the property to carry out repairs in such circumstances, with the result that such buildings and the general environment can deteriorate over a long period. Building owners in secondary shopping areas should therefore consider letting shops on internal repairing leases only (at higher rents than for FRI leases) so as to retain control over external repairs to the building, and enable higher standards of regular planned maintenance of buildings and shopfronts. As with niche marketing, this requires a much more 'hands on' approach to investment and to asset management than has hitherto been customary.

Action by: Property owners.

Obtaining Specialist Advice

- 7.9 When considering the designation of sites for substantial new retail development (and when evolving new planning policies and improvement action for secondary shopping areas as recommended below), local planning authorities should take independent commercial advice and other specialist advice on the implications for the town centre, and each of its constituent parts, including secondary shopping areas. This may need a multi-disciplinary approach, applying urban design, masterplanning, commercial property and development, and transport and access skills. It may also require a 'task force' approach to implementation.
- 7.10 Similarly, local planning authorities should commission independent critiques of any retail assessments submitted by developers in support of such planning applications, particularly for edge-of-centre and out-of-centre developments, including food superstores and superstore extensions. The terms of reference for such critiques should include review of the likely impacts on secondary shopping areas, as well as the effects on the town or district centre as a whole.

Action by: Local authorities.

Evolving More Sophisticated Planning Policies

- 7.11 Retail frontage policies for secondary shopping areas should distinguish between those areas capable (by virtue of coherence, linkages, attractions, etc) of a prosperous future; and those where coherence is not possible and retail decline is probably inevitable. In the former, the policies should define the uses which will be acceptable so as to maximise pedestrian flow, and restrict changes to other uses. In the latter, the policies should provide maximum flexibility for change to alternative future uses, which are less dependent on high pedestrian flow.
- 7.12 In addition, in preparing their Local Development Frameworks, local planning authorities should be more sophisticated in their designation of retail frontages, and in the policies which they apply to each category. The current crude division between prime and secondary shopping frontages coupled with arbitrary change of use thresholds, is no longer appropriate for managing change and has created some adverse effects, such as clusters of A3 uses in unsatisfactory locations. Instead, a 'micro-management' approach should be applied. This should consider separately each constituent part of a secondary shopping area in relation to its land uses, public environment, accessibility, physical condition or obsolescence of the buildings, and relationship with the prime retail area and other generators and attractors of pedestrian flow; and then develop policies appropriate to its specific needs. The aim should be to designate sub-areas of compatible retail

and service uses where change to other uses will not be permitted; and/or to designate specific micro-locations where change to defined alternative uses will be acceptable. It should also be to identify those parts of secondary shopping areas where improvement action, redevelopment of physically obsolete buildings, grants, or business support initiatives (for example) should be targeted.

Action by: Local authorities.

Applying Town Centre Management

- 7.13 All town centre interests should provide encouragement to the creation of, and support for, a body (such as a town centre management partnership) that can co-ordinate regeneration efforts, and promote a clearly defined 'vision' for the future of the centre as a whole, including secondary shopping areas equally with prime retailing. Property owners and occupiers should be encouraged to join and support such partnerships. New mechanisms for regeneration, in particular Business Improvement Districts (BIDs), should be investigated and applied wherever practicable – whilst recognising that BIDs may find somewhat limited support in secondary shopping areas because of the high representation of small independent businesses in such areas.

Action by: Town Centre Partnerships.

Ending Differential Pricing

- 7.14 The main food retailers, which are increasingly operating small supermarkets in secondary shopping areas, should end any differential pricing, under which the goods sold in such local supermarkets are priced more highly than in the same company's superstores. This will contribute to sustainability, by helping to support local walk-in rather than car-based shopping; with potential linked trips benefits to nearby shops and services and the centre as a whole. It will also contribute to social inclusion, by reducing the costs of high quality food for those who do not have access to a car, and are dependent on walking or taking a bus to their nearest district of local centre.

Action by: Major food retailers.

Applying the Sequential Approach and Controlling Development

- 7.15 The sequential approach should continue to be applied to new retail developments, and to extensions of existing stores. In areas of need for such developments, sites should be assembled wherever possible, in or very close to the edge of secondary shopping areas, with high quality pedestrian linkages between the store and the centre. In many secondary shopping areas, the 200 to 300 metres indicated in PPG6 for a new retail development to be classed as edge of centre, is

likely to be too great for it to be part of and strengthen such a shopping area – particularly if it is a food/non-food superstore capable of functioning as a one-stop shop.

- 7.16 Food retailers which wish to develop new floorspace for the sale of comparison goods and services, should be encouraged by the government and by local authorities to develop new non-food store formats, which are capable of being fitted into small town and district centres or into good secondary positions in larger town centres, rather than being permitted to extend their existing out-of-centre superstores to sell such goods and services. This would be a logical application of the ‘class of goods’ interpretation of the sequential approach, which has been approved by Ministers. The concept is already being tested by one major food retailer.
- 7.17 Where planning permissions are granted for new edge-of-centre or out-of-centre food/non-food superstores, conditions should be applied preventing the store providing specialist services (eg photo processing, dry cleaning, pharmacy, post office, newsagent, financial services), which are already adequately provided in nearby secondary shopping centres. Conditions should also be applied limiting the size of the store or extension, and prohibiting internal alterations to create more retail sales floorspace.

Action by: Government, major food retailers and local planning authorities.

Undertaking Further Research

- 7.18 Specialist research should be carried out into the economics and management of small independent businesses in secondary shopping areas. The aim should be to identify:
- The mode of operation of such businesses;
 - Their profitability or otherwise;
 - Their potential for growth and the conditions needed to secure it;
 - Their needs for training and other support services;
 - The need for grants, and obstacles to take-up;
 - Mechanisms which would be best suited to delivering appropriate support services, and ensuring a high take up.

- 7.19 Research should also be undertaken into methods of creating financially viable developments in secondary shopping areas. Such research would be likely to take the form of a review of previous studies, updating where necessary, and drawing together the findings into a comprehensive 'good practice guide'.

Action by: NRPF and/or other research sponsors.

SUMMARY OF KEY THEMES

- 7.20 Our recommendations set out above cover the following key themes:

- ❑ Creating a coherent pedestrian environment;
- ❑ Managing change;
- ❑ Creating financially viable developments;
- ❑ Improving the public realm;
- ❑ Supporting independent businesses;
- ❑ Applying asset management principles and niche marketing;
- ❑ Using new methods of leasing;
- ❑ Obtaining specialist advice;
- ❑ Evolving more sophisticated planning policies;
- ❑ Applying town centre management;
- ❑ Ending differential pricing;
- ❑ Applying the sequential approach and controlling development;
- ❑ Undertaking further research.

- 7.21 Together these recommendations form a wide ranging approach to the regeneration and support of secondary shopping. We believe that if applied, they have the potential to strengthen the role and vitality of secondary shopping, and take it in a new direction of greater prosperity and an improved service to the local community.

Appendix 1

Summary Results of Interviews with Businesses