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Town Centres and Retail Dynamics: Towards a Revised Retail Planning Policy for Wales

April 2014

This research was prepared for the Welsh Government by Genecon.

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Welsh Government

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Planning Policy for Wales***

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Welsh Government

Town centres and retail dynamics

***Towards a Revised Retail
Planning Policy for Wales***

April 2014

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1 Introduction

1.1 Study brief and purpose

GENECON was appointed in 2013 by the Welsh Government to undertake a research study to consider the appropriateness of current national planning policy in achieving the Welsh Government's aspirations for town centres. The study forms part of a wider review of the Welsh planning system and is intended to form part of the evidence base to inform a review of current national planning policies in so far as they relate to retail development and town centres.

In January 2012 the National Assembly for Wales Enterprise and Business Committee published its report on the 'Regeneration of Town Centres' which recommended, inter alia, that the Welsh Government should commission research to consider the impact that new retail development was having on town centres in Wales and to review national planning policy and guidance for retailing and town centres accordingly.

The study brief issued to GENECON by the Welsh Government sought advice on the threats and opportunities facing town centres in Wales, the effectiveness of retail planning policy and advice, and to make recommendations of where changes may be required.

1.2 Key tasks

The study has been shaped around four inter-related tasks:

Task 1 – a quantitative analysis of retail dynamics in Wales to better understand shopping patterns and the relative roles of in and out of centre retail provision nationally and in defined sub-areas. This task has involved the commissioning of an extensive data set from CACI which has been interrogated and analysed to draw out key trends of relevance to the study.

Task 2 – a qualitative analysis of an agreed set of case study towns to derive evidence on the impact of new in, edge and out of centre retail development in a range of scenarios and to gain practical insights into the role of national planning policy for retail development and town centres in supporting effective decision-making. This task has been based around five case study town centres identified by the Welsh Government.

Task 3 – a review of published evidence on future trends in the retail sector and town centres to provide a wider context to the consideration of the appropriateness of established Welsh Government national policy statements.

Task 4 – to reflect on the evidence from the study and make recommendations on how national policy and the planning system could be improved to facilitate the Welsh Government's aspirations for town centres.

1.3 Overview of national planning policy context

National planning policy for Wales relating to retail development and town centres is set out in:

- Planning Policy Wales (PPW) (Edition 6, 2014) – Chapter 10 'Planning for Retailing and Town Centres', and;
- Technical Advice Note (TAN) 4: Retailing and Town Centres (1996).

Other key statements of relevance to this study include 'Vibrant and Viable Places: New Regeneration Framework', March 2013.

In addition, the current Use Classes Order provides the framework for dealing with changes of use between town centre uses.

Planning Policy Wales (PPW) Chapter 10

The current planning policy framework for retailing and town centres reflects the Welsh Government's objectives to promote a 'town-centres first' approach, confirming established town, district, local and village centres as the most appropriate locations for retailing, leisure and other complementary functions and to enhance the vitality and viability of centres.

Central to the town-centres first approach is the application of a sequential approach to site allocations in Local Development Plans (LDPs) and to development management in response to specific development proposals. PPW Chapter 10 confirms that the sequential approach means that town centres are the first preference for retail and leisure uses and other uses best located in existing centres, followed by edge of town centre locations and then district and local centres. Any proposals for out of centre development needs to demonstrate that the sequential test has been satisfied. PPW points out that this sequential approach requires flexibility and realism from local planning authorities, developers and retailers.

Retail planning policy for Wales was last updated in 2005 when Ministerial Interim Planning Policy Statement 02/2005 'Planning for Retailing and Town Centres' was published. This was later combined with a revised edition of PPW.

Technical Advice Note 4: Retailing & Town Centres

TAN 4 provides additional guidance on the application of national planning policies relating to retailing and town centres. The document covers a wide range of issues relevant to town centres, including the type of information that local planning authorities should collect to inform retail and town centre policy development, the retail provisions of the Use Classes Order 1987 and car parking standards.

Importantly, TAN 4 provides a glossary of terms defining types of shop, types of centre and terminology for retail locations. The types of centre and retail locations are particularly significant in the context of this study as they form a key reference point in the application of national policy provisions in the preparation of Local Development Plan policies and the determination of planning applications for retail developments.

Vibrant and Viable Places: New Regeneration Framework

More recent statements of the Welsh Government's aspirations for town centres are contained in 'Vibrant and Viable Places: New Regeneration Framework', March 2013. This reaffirms that vital, vibrant town centres are at the heart of the nation's sustainable communities, and are core to a healthy and prosperous Welsh economy. The Framework promotes a more integrated approach to town centre futures, focused on their role in the provision of services, the promotion of cultural activities, the nurturing of civic identity, and providing the community and visitors with an enriched town environment. The vision is for diversified town centres in which retail constitutes a key element of the offer but is supported by learning, health and leisure facilities providing multiple reasons for town centre footfall.

The Framework acknowledges the challenges facing urban communities is the decline of the traditional high street, arising from changing shopping habits, in particular increasing online and out-of-town activity. It recognises the diversity of town centres in terms of characteristics, performance and resilience with some able to sustain a retail offer, albeit in many cases this will be much reduced, with more town centre accommodation being redeveloped for housing and local services, including to support tourism and other footfall

drivers to create more diversified town centres and local economies. The framework states:

“We need to support our town centres to explore and discover a different future, an alternative future. The next 10 years will be about the diversification of our high streets and standing up and making tough decisions. It will also be about the reinforcement of what makes them special. Our towns will no longer be able to depend on retail alone; we need to develop our towns into destinations for living, for working and for leisure. Our towns need to respond strongly to the challenges. We can no longer see the Internet as a threat. It needs to be considered as an opportunity, to embrace and exploit. Our towns need to discover a niche, unique selling points, a reason for people to visit. This will include a more diverse and vibrant night-time economy, and ensuring that services, such as health and education, are increasingly delivered from within town centres.”

This vision for Welsh town centres provides an important context to this study.

Positive Planning – Proposals to reform the planning system in Wales

The Welsh Government issued a consultation document on the reform of the planning system in Wales – this provides further important context to this study in terms of the role of the planning system in supporting economic growth. It promotes culture change to develop a planning system as a positive tool to manage change rather than purely as a regulatory function. The proposals recognise the challenge for many local planning authorities in dealing with complex development proposals, and advocates a Planning Advisory and Improvement Service to be hosted by the Welsh Government.

The reforms propose a reinforcement of a plan-led approach, designed to support appropriate development, and introduces the concept of ‘Place Plans’ to facilitate more collaboration between local planning authorities and communities in developing local visions, including for town centres.

2 Overview of retail dynamics in Wales

2.1 Introduction

The purpose of this chapter is to present a quantitative analysis of retail dynamics in Wales in order to better understand consumer shopping patterns and the role and function of centres throughout the country. The analysis provides an understanding of how the retail economy of Wales operates, both for convenience (e.g. food & drink, newspapers) and comparison (non-food) goods.

The quantitative and spatial analysis of the retail centre hierarchy and shopping patterns is underpinned by data on consumer behaviour across Wales as a whole.

Original survey work for such a large area is not feasible given the scope of this study. As such, it was necessary to use modelled data. The study uses two data products developed by CACI, who hold credit and debit card transactions data relating to over £18 billion of sales at retail centres.

Retail Footprint is used to quantify and map comparison goods shopping trips. It is the most extensive retail centre catchment model available in Great Britain and is primarily a gravity model which defines the overlapping catchments of comparison goods retail centres. It generates scores for individual comparison retail units and a centre score based on the sum of retail unit scores in a centres. The model is based on four key variables which influence the level of spatial interaction between retail centres:

- Physical distance to (or time taken to reach) a centre;
- The 'attractiveness' of a centre's retail offer based on range of retail stores and other footfall attractors;
- The degree of intervening opportunities or level of competition; and
- The size of the population within an area.

The 2013 Retail Footprint used in our analysis relates to expenditure data for 2012 and includes VAT.

ProVision is used to assess consumer behaviour in relation to convenience goods.

ProVision is a gravity model that defines the overlapping catchments and the turnovers of all supermarkets with sales areas over 3,000 sq ft in Great Britain¹. The model measures how attractive stores are to customers in an area, using information on store fascia, store size, drive-times and shopper demographics. Turnovers are predicted for each store dependent upon the amount of money available in the catchment. The 2012 ProVision model used in this study uses 2011 store turnover data and includes VAT.

¹ ProVision is calibrated to ensure that the overall sales, sales density and trade draw pattern for each store fascia reflects commercial reality. CACI use a range of market data sources including Kantar Worldpanel market share figures and annual reports of retailers

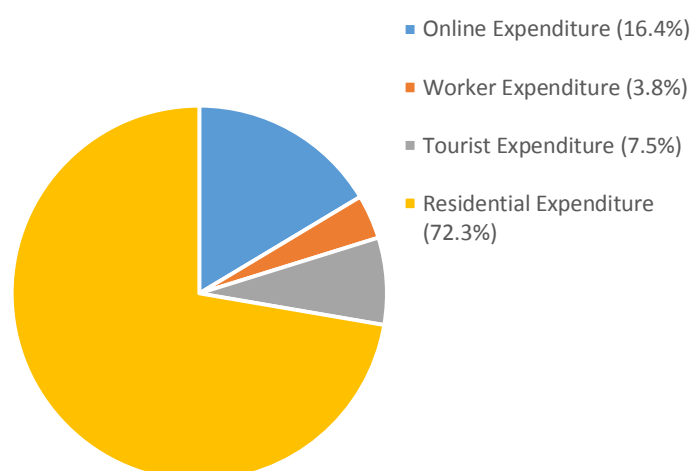
2.2 Retail dynamics in Wales as a whole

2.2.1 Comparison goods sector

Breakdown of total comparison expenditure

The total comparison goods spend (or market potential) in Wales in 2012 was £6,224 million. The sources of this expenditure are depicted in Figure 1².

Figure 1 Sources of Comparison Expenditure in Wales, 2012 (CACI)



Note: Residential expenditure is spending by shoppers travelling from home / Online expenditure is consumer spending over the internet / Worker expenditure is spending by workers at or near their place of work / Tourist expenditure relates to spending outside of a normal routine, including by day visitors and overnight stays from within the UK and overseas – it excludes spending on accommodation or eating out.

Some 72.3% of comparison spend in Wales is generated by residential expenditure, with online sales accounting for 16.4%. Tourist and worker expenditure contribute the remaining 11.3%.

Benchmarked against corresponding figures for Great Britain, residential and online comparison spend in Wales is over-represented, whilst expenditure by tourists and workers is under-represented.

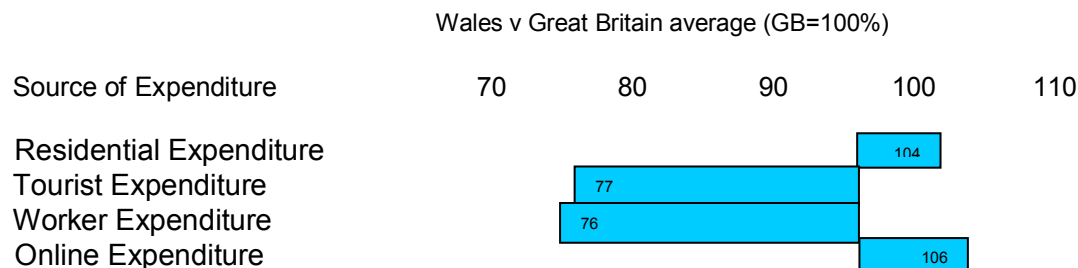
Balance of trade

In 2012 the average spend on comparison goods of people in Wales was £1,562 million³. This is 12% less than the GB average total of £1,781 million.

² Worker and tourist expenditure represent additional spend on top of the traditional local resident market

³ Including VAT. Source: CACI Retail Footprint

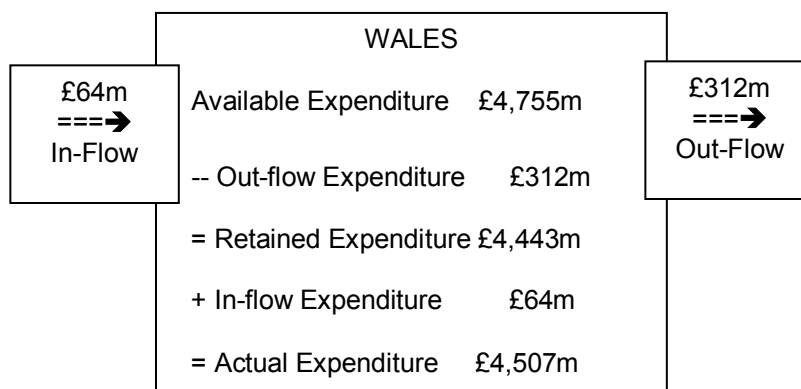
Figure 2 Comparison Expenditure Breakdown: Wales v Great Britain, 2012



The average spend per head multiplied across the population (3,044,726) generated available expenditure of £4,755 million in 2012. Of this total, some £312 million is estimated to flow out of Wales to competing centres in England (and elsewhere). Thus Wales retains £4,443 million of its available expenditure, which equates to a retention rate of 93%. To this total, Wales attracts an estimated inflow of £64 million, which results in an actual expenditure total for Wales of £4,507 million. As the actual expenditure is 48million lower than the available expenditure, this means that Wales has a negative 'balance of trade' i.e. Wales is a net exporter of available retail expenditure.

Focusing on residential comparison expenditure only, **Figure 3** shows how Wales as a whole has a negative balance of trade of - £248 million.

Figure 3: Wales: Balance of Trade, Residential Comparison Spend, 2012



The centres in Wales which contribute most to the 93% comparison expenditure retention rate are Cardiff, Swansea, the Bridgend Designer Outlet, Cwmbran and Wrexham. Collectively, these five centres attract a market share of available expenditure in Wales of over 25%. The individual market shares are as follows:

- Cardiff 11.4%
- Swansea 4.6%
- Bridgend designer outlet 3.9%
- Cwmbran 3.0%
- Wrexham 2.6%
- Other centres 74.5%

Almost 80% of the leakage of comparison expenditure from Wales is estimated to flow to just five centres:

| | |
|----------------------------------|-----|
| • Cheshire Oaks designer outlet | 32% |
| • Chester city centre | 24% |
| • Cribbs Causeway | 12% |
| • Greyhound Retail Park, Chester | 10% |
| • Bristol city centre | 4% |
| • Other centres | 18% |

In-centre v out-of-centre comparison retail

An important objective of this analysis is to assess how the comparison retail market in Wales is divided between in-centre and out-of-centre⁴ locations, and whether this spatial pattern is changing over time.

The Retail Footprint model generates a unique score for an extensive range of individual comparison retail units. The score reflects CACI's assessment of the quality and size of each store. A comparative analysis of scores in 2008 and 2012 has been carried out using the 2008 Retail Footprint centres for both years.

The analysis indicates that in 2008 64% of the total Retail Footprint score across Wales was generated by in-centre stores and 36% by out-of-centre stores. The corresponding breakdown for GB was 80% in-centre and 20% out-of-centre. By 2012, the proportion of scores in-centre in Wales had fallen to 58%, whilst out-of-centre had risen to 42%. Over the same time-period, the breakdown for GB had changed only marginally to 79% in-centre and 21% out-of-centre.

Thus it appears that back in 2008, Wales already had proportionately more of its comparison retail located out-of-centre than in GB as a whole, whilst since then the 'gap' between Wales and GB has widened. However, CACI advise that the figures should be treated with caution as the 2008 and 2012 Retail Footprint data sets are not directly comparable.

Comparing 2012 with 2018 is more straightforward as the current Retail Footprint can be used for both years. CACI's view of the retail development pipeline⁵ informing the 2018 figures. The approach adopted also allows the in-centre and out-of-centre comparison markets to be disaggregated in terms of market potential (i.e. estimated turnover⁶), rather than Retail Footprint scores.

At 2012, Retail Footprint, using market potential, estimated that 61% of comparison turnover in Wales was located in-centre with 39% out-of-centre. The corresponding proportions for GB were 79% in-centre and 21% out-of-centre.

Projecting forwards to 2018, Retail Footprint estimates that 75% of Wales' comparison market potential will be in-centre and 25% out-of-centre, whilst the breakdown for GB will remain unchanged at 79% in-centre and 21% out-of-centre.

⁴ Out-of-centre relates to all comparison retail not in a centre and therefore includes non-food stores located at edge of centre, out of centre and out of town locations.

⁵ The largest schemes in the development pipeline in Wales identified by CACI are: Friars Walk, Newport, The Quays, Barry, Talbot Green Regeneration, Talbot Green, The Cambrian Centre, Newport; Saltney Retail Park, Chester and Cyfarthfa Retail Park, Merthyr Tydfil.

⁶ Based on residential, worker and tourism consumer expenditure.

Thus the CACI data indicates that the recent shift towards out-of-centre comparison retail in Wales is likely to be halted and that by 2018 around three-quarters of the sector's market potential will be in-centre (up from 61% at 2012). This 'turn round' is likely to be due, at least in part, to the economic recession having stalled most of the retail development pipeline in Wales, particularly out-of-centre. However, a sustained economic recovery in the future could trigger a renewed expansion of out-of-centre comparison retail provision in Wales and this will need strong planning policies and effective development management decisions through the planning system to avoid any damaging effects on established centres.

2.2.2 Convenience goods sector

Balance of trade

It is not possible to estimate inflow and outflow expenditure for any given area using ProVision. Nevertheless, it is useful to compare the amount of grocery expenditure⁷ generated by the population living in Wales against the total grocery turnover of convenience stores in the country⁸.

In 2011, total available grocery expenditure in Wales was £6,153 million; an average grocery spend per head of £2,113 multiplied across a population of 2,911,759. Set against an estimated actual total grocery spend (or turnover) of £5,980 million, this represents a net loss of just 2.8% of available expenditure, around £173 million. This demonstrates a high degree of grocery expenditure retention within Wales.

The convenience expenditure retention rate of 97.2% is higher than that for comparison expenditure (93%). This reflects the fact that the vast majority of trips for supermarket shopping are undertaken locally, whereas many people are prepared to travel further for their comparison shopping.

In-centre v out-of-centre convenience retail

ProVision provides estimated sales areas and turnover for 1,429 supermarkets above 3,000 sq ft net in Wales. These stores are then categorised as being in-centre or out-of-centre⁹, prior to the floorspace and turnovers being aggregated.

At 2011, 37% of supermarket sales floorspace in Wales was located in-centre and 63% out-of-centre, compared to 45% in-centre and 55% out-of-centre for GB as a whole. Thus Wales has proportionately more supermarket sales floorspace out-of-centre than the GB average. 39% of supermarket sales value in Wales in 2011 was generated in-centre and 61% out-of-centre, broadly similar to the floorspace disaggregation. For GB, sales are split equally between in-centre and out-of-centre.

⁷ ProVision models total supermarket expenditure (termed 'grocery' expenditure by CACI) which includes primarily convenience expenditure, but also, particularly in larger stores, comparison spend.

⁸ Total grocery turnover is the aggregation of the grocery turnover of all convenience stores (identified by CACI) in an area.

⁹ Out-of-centre stores are defined as those located at retail parks and factory outlet centres, together with those located beyond fixed radii of the mid-point of town centres. The radii ranges from 250 metres at small centres to 1000 sq m at the largest centres.

ProVision also enables in-centre and out-of-centre floorspace and turnover disaggregations for Wales to be analysed by size category of supermarket. Table 1 for example, shows how the in-centre and out-of-centre sales floorspace split is broadly similar for small and medium size supermarkets, but for superstores (25,000 sq ft or above) there is a big shift towards supply being located out-of-centre, as may be expected given the difficulty of accommodating larger stores in-centre.

Table 1: Disaggregation of supermarket sales floorspace in Wales between in-centre and out-of-centre, 2011

| Size of store (sq ft sales area) | Location of sales floorspace | |
|----------------------------------|------------------------------|-------------------|
| | In-centre (%) | Out-of-centre (%) |
| Less than 9,999 | 44 | 56 |
| 10,000 to 24,999 | 46 | 54 |
| 25,000 and above | 28 | 72 |

Table 2 paints a similar picture in relation to the location of supermarket sales; once again it is the superstore category that predominantly has turnover located out-of-centre.

Table 2: Disaggregation of supermarket turnover in Wales between in-centre and out-of-centre, 2011

| Size of Store (Sq Ft Sales Area) | Location of Turnover | |
|----------------------------------|----------------------|-------------------|
| | In-Centre (%) | Out-of-Centre (%) |
| Less than 9,999 | 50 | 50 |
| 10,000 to 24,999 | 49 | 51 |
| 25,000 and above | 30 | 70 |

Supermarket floorspace per head of population

Supermarket sales floorspace per head of population has been mapped by local planning authority area throughout Wales¹⁰. The results are depicted in Annex 1:

- **Annex 1A** – all supermarkets
- **Annex 1B** – stores below 10,000 sq ft
- **Annex 1C** – stores between 10 and 24,999 sq ft
- **Annex 1D** – stores 25,000 sq ft and above.

¹⁰ ProVision includes all stores above 3,000 sq ft net.

Overall Flintshire and Merthyr Tydfil have the highest density of supermarket sales floorspace per head of population in Wales, (**Annex 1A**) followed by Swansea, Bridgend, Newport, Wrexham and Powys. The lowest level of supply per head is to be found in Denbighshire, Ceredigion, Monmouthshire, Vale of Glamorgan and Neath Port Talbot.

In relation to small stores (**Annex 1B**), Powys has the most sales floorspace per head, followed by many districts of North and North East and South West of Wales. The lowest level of floorspace supply per capita is generally found in the South East.

For mid-size supermarkets (**Annex 1C**), Anglesey has the most supply of sales floorspace per head, whilst Swansea and Newport have the lowest.

Lastly, in relation to superstores (**Annex 1D**), it is Flintshire, Wrexham, Merthyr Tydfil and Newport that have the most sales floorspace per head, whilst Anglesey, Gwynedd, Ceredigion and Monmouthshire have the least.

2.3 Retail dynamics in Wales by sub-region

In order to get a more in-depth understanding of the retail dynamics within Wales, it is necessary to analyse consumer behaviour and retail markets at the sub-regional level. For this study, the Welsh Government has defined five sub-regions as follows:

- North West Wales
- North East Wales
- Mid-Wales
- South West Wales
- South East Wales

These sub-regions are not definitive in any formal sense, but reflect natural retail market areas and the areas around the case study towns. Each sub-region is defined by grouping together administrative areas as illustrated in **Figure 4**.

Figure 4: Map of sub-regions and constituent local authorities

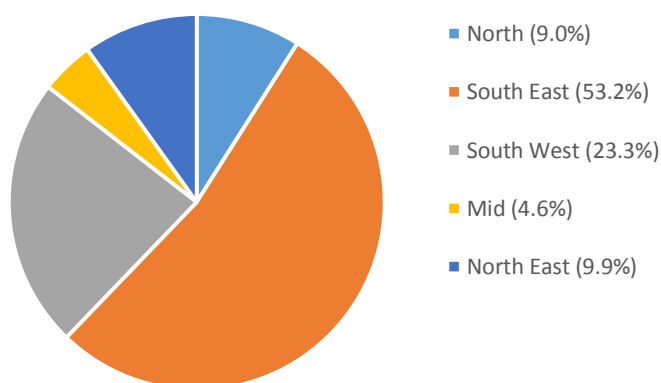


2.3.1 Comparison goods sector

Breakdown of total comparison expenditure

The £6,224 million of total comparison spending (or market potential) in Wales in 2012 (see paragraph 8) may be disaggregated by sub-region as shown in **Figure 5**.

Figure 5: Disaggregation of Total Comparison Expenditure by Sub-Region



More than half of comparison spending occurs in the South East with almost 25% taking place in the South West. Thus more than three-quarters of expenditure is concentrated in South Wales, which accounts for 71% of the Welsh population, and just 23.5% in the remainder of the region.

Table 3 summarises the source of total comparison expenditure in each of the five sub-regions. Overall, the differences in contributions made by residents, tourists, workers and online sales are relatively small.

However, some significant variations do occur. The North West has the highest proportional contribution from tourists – for example from visitors to the Snowdonia National Park – but the lowest contributions from residents and online sales. North East Wales has the biggest proportional contributions from residents and online sales, but the smallest contribution from tourists. Mid-Wales has the highest contribution from workers, whereas the South West has the lowest. The South East is neither top nor bottom for any of the four sources of comparison spend.

Table 3: Source of Comparison Expenditure by Sub-Region, 2012

| Sub-Region | Residential Expenditure (%) | Tourist Expenditure (%) | Worker Expenditure (%) | Online Expenditure (%) | Total Expenditure (%) |
|------------|-----------------------------|-------------------------|------------------------|------------------------|-----------------------|
| North West | 69.2 | 10.9 | 3.8 | 16.1 | 100.0 |
| North East | 74.6 | 4.0 | 4.0 | 17.4 | 100.0 |
| Mid | 69.4 | 9.3 | 4.9 | 16.4 | 100.0 |
| South West | 72.2 | 8.1 | 3.3 | 16.4 | 100.0 |
| South East | 72.8 | 7.1 | 3.9 | 16.2 | 100.0 |

Source: Retail Footprint and Other CACI data sets.

Balance of trade

Table 4 summarises the comparison retail performance of each of the five sub-regions by setting out their rates of expenditure retention and balance of trade (expenditure inflows minus outflows)¹¹.

Table 4: Comparison Expenditure Retention and Balance of Trade by Sub-Region, 2012

| Sub-Region | Comparison Expenditure Retention Rate (%) | Balance of Trade (£m) | Balance of Trade (%) |
|------------|---|-----------------------|----------------------|
| North East | 64 | -160 | -26 |
| Mid | 74 | -49 | -20 |
| North West | 93 | -23 | -5 |
| South East | 97 | -14 | -1 |
| South West | 96 | -2 | - |

All sub-regions of Wales have a negative balance of trade in terms of comparison expenditure. This is because the North West, Mid and South West sub-regions predominantly leak expenditure to other sub-regions, whilst the North East and South East experience outflows to England.

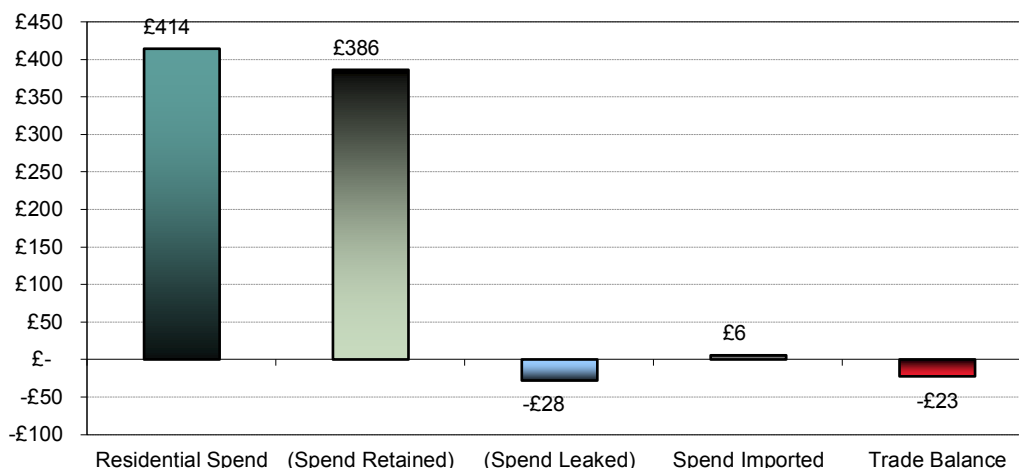
The North West, South East and South West sub-regions achieve very high expenditure retention rates; well in excess of 90%. This performance is reflected in their low negative balance of trade figures. In contrast, the North East and Mid-Wales have significantly lower expenditure retention rates (64% and 74% respectively) and negative balance of trade figures of 20% and above.

North West Wales balance of trade

The North West has a negative comparison expenditure balance of trade of £23 million, the composition of which can be seen in **Figure 6**.

¹¹ Expenditure data for 'balance of trade' relates to residential comparison spend only.

Figure 6: North Retail Trade Balance (£ millions per annum)



Five centres account for 63% of retained spend in the North West. These centres with their individual market shares are as follows:

| | |
|---|-----|
| ▪ Bangor, Caernarfon Road Retail Park | 23% |
| ▪ Llandudno, Mostyn Champneys Retail Park | 12% |
| ▪ Holyhead, Penrhos Retail Park | 11% |
| ▪ Llandudno Town Centre | 9% |
| ▪ Bangor Town Centre | 8% |
| ▪ Other centres | 37% |

It is significant that the top three retail destinations in terms of comparison turnover and market share are all out-of-centre retail parks, whilst the town centres of Llandudno and Bangor combined capture a market share of just 17%. Retail parks can typically become dominant where the quantum of out of centre floorspace is significant relative to any nearby town centre. Retail parks with modern, efficiently configured units in visible locations can attract key retail tenants drawn by higher sales densities, including typical high street multiples if planning controls are not in place.

Over 90% of comparison spend leaking out of the North West sub-region is estimated to flow to the following five retail destinations:

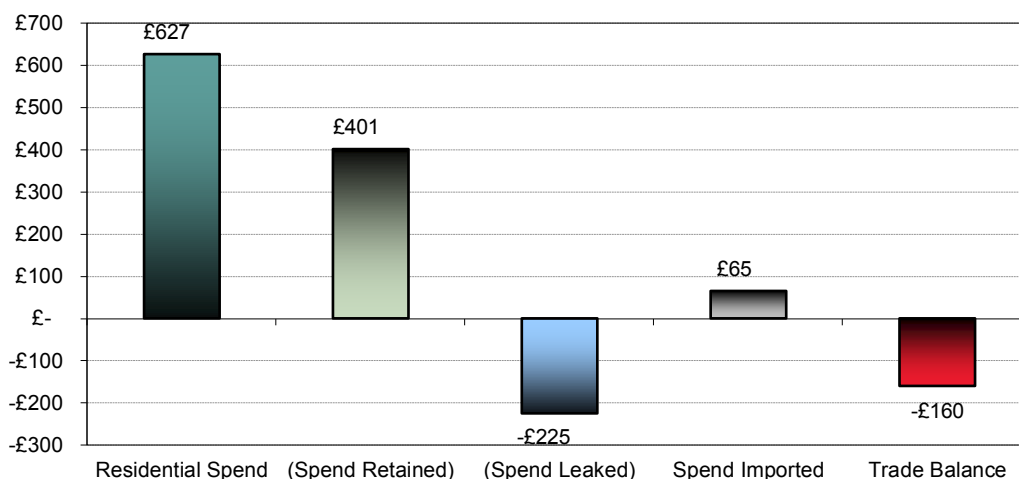
| | |
|--|-----|
| ▪ Rhyl Town Centre | 56% |
| ▪ Cheshire Oaks Designer Outlet | 17% |
| ▪ Rhyl, Clwyd Retail Park | 14% |
| ▪ St. Asaph, Tweedmill Factory Outlet Centre | 5% |
| ▪ Chester City Centre | 1% |
| ▪ Other centres | 7% |

The principal attractor of comparison spend from the North West is Rhyl, which is located in the North East sub-region, as is Clwyd Retail Park and the Tweedmill. Collectively, around three-quarters of comparison spend flowing out of the North West sub-region is going to the North East.

North East Wales balance of trade

The North East has a negative comparison expenditure balance of trade of £160 million the composition of which can be seen in **Figure 7**.

Figure 7: North East Retail Trade Balance (£ millions per annum)



Five centres account for 64% of retained spend in the North East and these are as follows:

| | |
|----------------------------------|-----|
| ▪ Wrexham Town Centre | 31% |
| ▪ Rhyl Town Centre | 16% |
| ▪ Chester, Broughton Retail Park | 7% |
| ▪ Wrexham, Plas Coch Retail Park | 5% |
| ▪ Rhyl, Clwyd Retail Park | 5% |
| ▪ Other centres | 7% |

Unlike the North West, the top attractors are the town centres of Wrexham and Rhyl, which achieve a combined market share of 47%. Nevertheless, three out-of-centre retail parks capture 17% of available expenditure.

All five of the retail destinations that draw comparison expenditure away from the North East are in England. These locations and their shares of leaked spend are as follows:

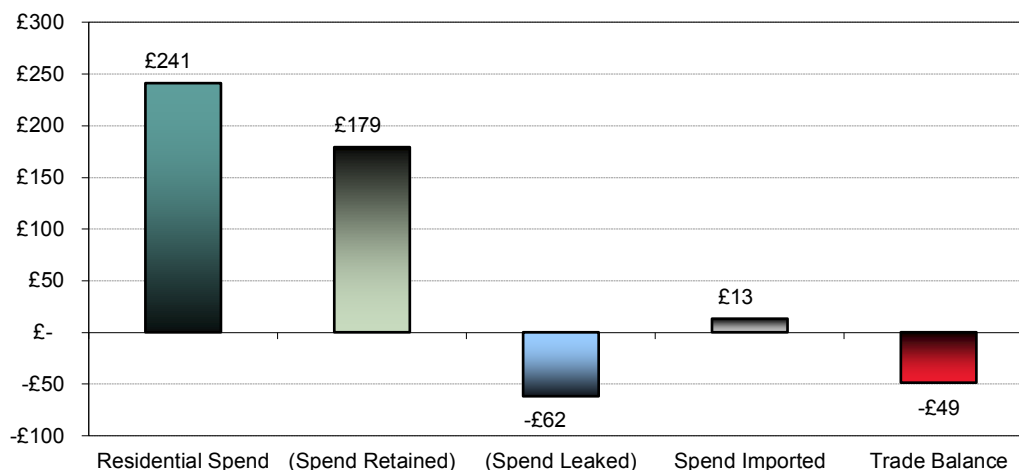
| | |
|--|-----|
| ▪ Cheshire Oaks, Designer Outlet | 40% |
| ▪ Chester City Centre | 34% |
| ▪ Chester, Greyhound Retail Park | 14% |
| ▪ Liverpool City Centre | 4% |
| ▪ Ellesmere Port, Coliseum Retail Park | 2% |
| ▪ Other centres | 6% |

Almost 90% of comparison expenditure leakage from the North East sub-region is to Chester, which has a range of attractive retail destinations and is located just across the border from North East Wales.

Mid-Wales balance of trade

Mid-Wales has a negative comparison expenditure balance of trade of £49 million, the composition of which can be seen in **Figure 8**

Figure 8: Mid-Wales Retail Trade Balance (£ millions per annum)



The top five retail destinations in Mid-Wales account for 63% of available comparison spend. These centres and their individual market shares are:

| | |
|------------------------------------|-----|
| ▪ Aberystwyth Town Centre | 21% |
| ▪ Newtown Town Centre | 15% |
| ▪ Brecon Town Centre | 10% |
| ▪ Welshpool, Welshpool Retail Park | 9% |
| ▪ Cardigan Town Centre | 8% |
| ▪ Other centres | 37% |

Significantly, four of the top five destinations are town centres, which indicate that out-of-centre comparison retail has less of a foothold in Mid-Wales, compared to the other sub-regions.

The top five retail destinations which contribute to the leakage of expenditure from Mid-Wales are:

| | |
|---------------------------|-----|
| ▪ Oswestry Town Centre | 12% |
| ▪ Shrewsbury Town Centre | 10% |
| ▪ Carmarthen Town Centre | 8% |
| ▪ Abergavenny Town Centre | 7% |
| ▪ Hereford Town Centre | 6% |
| ▪ Other centres | 57% |

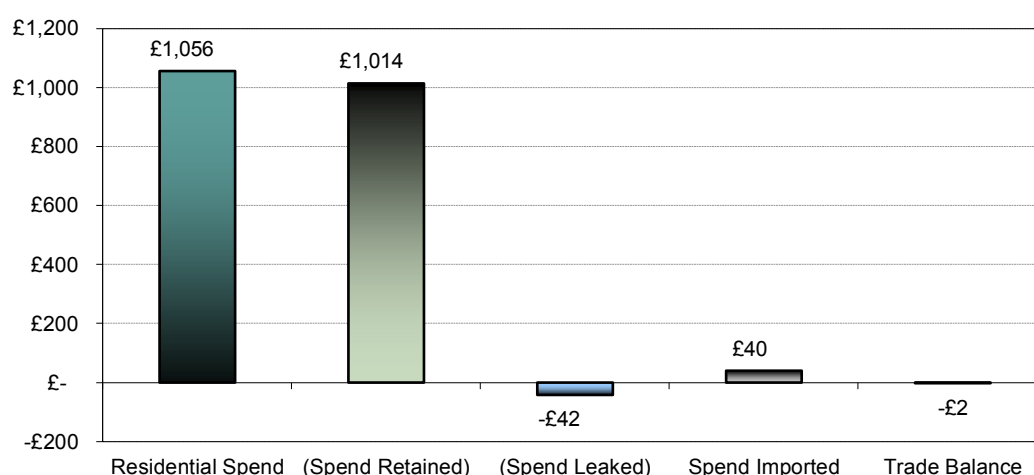
Comparison expenditure leakage from the Mid-Wales is more complex than for the other four sub-regions because of its central location and long land border with England. Leakage from other regions flows predominantly in one direction, whereas expenditure leakage from Mid-Wales flows in three directions.

For example, 28% of identified leaked spend flows across the border into England (Oswestry, Shrewsbury and Hereford), whilst 8% flows to the South West sub-region (Carmarthen) and 7% to the South East (Abergavenny).

South West Wales balance of trade

The South West sub-region retains 96% of its available comparison expenditure and has a very small negative balance of trade of just £2 million – reflective of its relative spatial isolation. The key figures are shown in **Figure 9**.

Figure 9: South West Retail Trade Balance (£ millions per annum)



The top five retail destinations in the South West account for 57% of available comparison expenditure. The centres and their market shares are:

| | |
|---------------------------------|-----|
| ▪ Swansea City Centre | 21% |
| ▪ Swansea, Fforest Retail Park | 11% |
| ▪ Llanelli, Trostre Retail Park | 11% |
| ▪ Carmarthen Town Centre | 8% |
| ▪ Neath Town Centre | 6% |
| ▪ Other centres | 43% |

Although Swansea City Centre captures the largest share of available expenditure, out-of-centre retail parks occupy the next two positions with a combined market share of 22%.

The principal retail destinations that attract comparison expenditure away from the South West are:

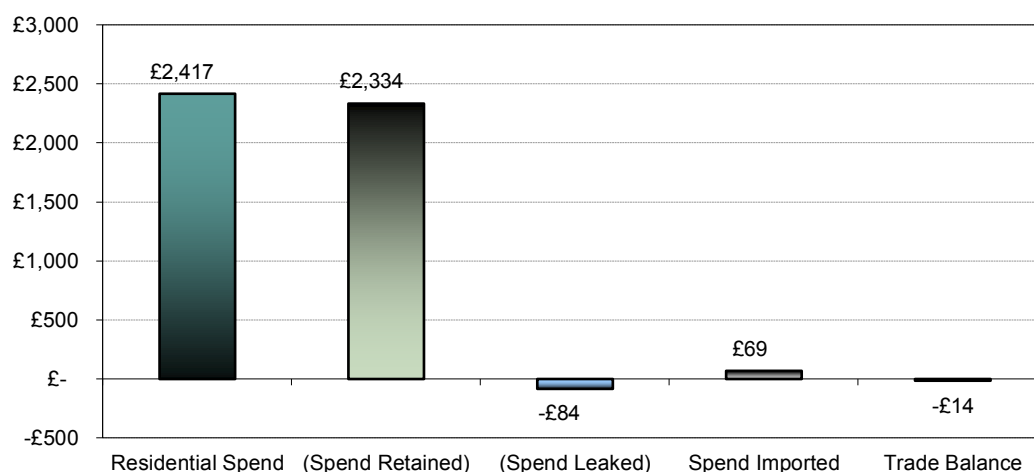
| | |
|---|-----|
| • Bridgend, Designer Outlet | 49% |
| • Cardigan | 18% |
| • Merthyr Tydfil, Cyfarthfa Retail Park | 7% |
| • Maesteg | 6% |
| • Lampeter | 5% |
| • Other centres | 15% |

The South West predominantly leaks spend to the South East (to Bridgend, Merthyr and Maesteg), although there are also material flows into Mid-Wales (to Cardigan and Lampeter).

South East Wales balance of trade

Although it borders England, the South East contains a sufficiently strong retail offer for it to retain 97% of its available comparison expenditure, the highest of the five sub-regions. As such, its negative balance of trade is just £14 million out of a total spend in excess of £2,400 million. The key figures are set out in **Figure 10**.

Figure 10: South East Retail Trade Balance (£ millions per annum)



The top five retail destinations in the South East and their individual market shares are as follows:

- | | |
|---|-----|
| • Cardiff City Centre | 23% |
| • Bridgend, Designer Outlet | 7% |
| • Cwmbran Town Centre | 6% |
| • Newport City Centre | 4% |
| • Merthyr Tydfil, Cyfarthfa Retail Park | 3% |
| • Other centres | 57% |

Cardiff City Centre is dominant and has a sizeable market share of 23%. The other principal centres have shares of up to 7%, whilst 57% of spend is distributed amongst other smaller retail locations. This expenditure pattern is indicative of a considerable depth and breadth of the retail offer in this sub-region.

In-centre v out-of-centre comparison retail

Recent changes in the split between in-centre and out-of-centre comparison retail by sub-region are set out in **Table 5**. Based on Retail Footprint scores, the data indicates an increase in the quality and quantity of retail located out-of-centre between 2008 and 2012 in all five areas. However, CACI advises that this trend should be treated with caution as at least some of the increase in out-of-centre retail is due to the change in Retail Footprint methodology between 2008 and 2012.

Table 5: Disaggregation of Comparison Retail Between In-Centre and Out-of-Centre at 2008 and 2012 By Sub-Region: Based on Retail Footprint Scores

| Sub-Region | 2008 | | 2012 | |
|------------|---------------|-------------------|---------------|-------------------|
| | In-Centre (%) | Out-of-Centre (%) | In-Centre (%) | Out-of-Centre (%) |
| North West | 44 | 56 | 34 | 66 |
| North East | 74 | 26 | 70 | 30 |
| Mid | 31 | 69 | 29 | 71 |
| South West | 74 | 26 | 69 | 31 |
| South East | 66 | 34 | 60 | 40 |

NB: Calculated using the RF centres from 2008 and using the RF scoring methodology of 2009.
Source: Retail Footprint.

The analysis is much more robust when comparing 2012 with 2018 (see **Figure 20**) as there is no change in Retail Footprint methodology to distort the results. Thus the in-centre versus out-of-centre split at 2012 is likely to be more accurate than that in **Figure 19**. It shows that more than 90% of the comparison retail market in Mid-Wales is located in-centre, whilst that for the other four sub-regions falls within the range 70% to 73%. Projecting forward to 2018, little change in the in-centre and out-of-centre split comparison is expected, since there is little in the retail development pipeline to change the current balance.

Table 6: Disaggregation of Comparison Retail Between In-Centre and Out-of-Centre at 2012 and 2018 By Sub-Region: Based on Retail Footprint Scores

| Sub-Region | 2012 | | 2018 | |
|------------|---------------|-------------------|---------------|-------------------|
| | In-Centre (%) | Out-of-Centre (%) | In-Centre (%) | Out-of-Centre (%) |
| North West | 73 | 27 | 73 | 27 |
| North East | 72 | 28 | 72 | 28 |
| Mid | 92 | 8 | 92 | 8 |
| South West | 73 | 27 | 74 | 26 |
| South East | 70 | 30 | 70 | 30 |

Source: Retail Footprint.

Retail Footprint also permits the 2012 and 2018 in-centre and out-of-centre comparison retail disaggregations to be defined in terms of expenditure, which provides a more realistic assessment.

Table 7 shows that at 2012 the proportion of comparison retail located in-centre is less than the score based distribution, whereas that located out-of-centre is higher. The figures indicate that retail supply in the North is close to being equally distributed between in-centre and out-of-centre, whilst in Mid-Wales 84% is located in-centre. Interestingly, the current division between in-centre and out-of-centre is very similar in the North East, South West and South East.

Table 7: Disaggregation of Comparison Retail Between In-Centre and Out-of-Centre at 2012 and 2018 By Sub-Region: Based on Expenditure* Flowing to Centres

| Sub-Region | 2012 | | 2018 | |
|------------|---------------|-------------------|---------------|-------------------|
| | In-Centre (%) | Out-of-Centre (%) | In-Centre (%) | Out-of-Centre (%) |
| North West | 52 | 48 | 87 | 13 |
| North East | 62 | 38 | 67 | 33 |
| Mid | 84 | 16 | 89 | 11 |
| South West | 62 | 38 | 83 | 17 |
| South East | 61 | 39 | 70 | 30 |

* Residential, worker and tourist spend combined.

Source: Retail Footprint.

CACI's Retail Footprint predicts that by 2018 in-centre's share of comparison retail expenditure will have risen in all five sub-regions, with increases most notable in the North and South West. This will be subject to variation depending on new schemes coming into the development pipeline.

Centre dominance

Annex 2 contains maps showing the dominance of particular centres within each of the sub-regions in relation to patterns of comparison expenditure. Centres or retail locations which capture the largest share of available residential comparison expenditure within an area are described as being dominant within that area. The maps provide a good visual indication of the relative strengths of centres – whether in-centre or out-of-centre – across each sub-region.

North West Wales

Annex 2A shows centre dominance across the North sub-region. The dominance of out-of-centre retail parks over nearby town centres is clear at Holyhead, Bangor and Llandudno. Only when the geographical spotlight moves to the Snowdonia National Park and beyond do traditional market towns dominate the retail landscape. These town centres dominate broadly similar sized geographical areas, reflecting their comparable sizes. To the east, the influence of the out-of-centre Cheshire Oaks Designer Outlet (located in England) is significant.

North East Wales

Just three centres dominate comparison shopping patterns in North East Wales; the out-of-centre Cheshire Oaks Designer Outlet, Wrexham and Rhyl, as shown in **Annex 2B**. Beyond these major retail destinations, small market towns such as Mold and Denbigh manage to produce small areas of localised dominance.

Mid-Wales

Mid-Wales presents a very fragmented retail landscape as shown in **Annex 2C**. Most of the sub-region is characterised by a network of small market towns, each dominating their own local area. Only Aberystwyth breaks the mould, having a sufficiently strong retail offer to capture the majority of trade across a sizeable hinterland. Areas close to the border fall under the retail dominance of English towns, such as Oswestry and Hereford.

South West Wales

Centre dominance across the South West sub-region is illustrated in **Annex 2D**. Although by no means the biggest retail centres, Haverfordwest and Carmarthen dominate geographically, albeit the population density of these areas is low. In comparison, Swansea dominates a relatively concentrated area, but its population is much more substantial. The peripheral areas of the South West are dominated by a series of small market towns, such as Llandovery, Cardigan and Tenby.

South East Wales

Annex 2E shows the dominance of centres across South East Wales. As to be expected, Cardiff is the most dominant retail destination with its reach extending well beyond the city boundary to the west, north and east. In contrast, Newport's dominance is severely constrained by Cardiff, Cwmbran and Cribbs Causeway. Areas to the west are dominated by the Bridgend Designer Outlet, whilst the retail landscape is more fragmented in the valleys. Here traditional town centres such as Abertillery, Blackwood and Tonyrefilly compete with major out-of-centre retail parks at Aberdare, Merthyr Tydfil and Ebbw Vale for comparison expenditure.

2.3.2 Convenience goods sector

Balance of trade

Estimates of available grocery expenditure¹² in each sub-region have been generated using ProVision. The key figures are set out in Appendix I. **Table 8**. Average spend per head is highest in the South East (£2,203) and lowest in the South West (£2,029), although in general spend levels do not vary substantially across the sub-regions.

¹² 'Grocery expenditure' relates to all spending at supermarkets and therefore includes both convenience goods and comparison goods expenditure.

Table 8: Total Available Grocery Expenditure By Sub-Region, 2011

| Sub-Region | 2011 Population | 2011 Average Grocery Spend Per Head (£) | Total Available Grocery Expenditure (£m) |
|------------|-----------------|---|--|
| North West | 299,979 | 2,039 | 612 |
| North East | 383,452 | 2,034 | 780 |
| Mid | 210,379 | 2,065 | 434 |
| South West | 675,571 | 2,029 | 1,371 |
| South East | 1,342,378 | 2,203 | 2,958 |

Source: ProVision

Table 9 compares available grocery expenditure with grocery turnover¹³ by sub-region. This shows that North East and Mid-Wales are characterised by net gains in trade, whilst the South West and South East both experience a net loss. The North is virtually in balance with available expenditure equating to turnover.

Table 9: Grocery Turnover vs. Available Expenditure by Sub-Region, 2011

| Sub-Region | Available Grocery Expenditure (£m) | Grocery Turnover (£m) | Net Gain / Loss | |
|------------|------------------------------------|-----------------------|-----------------|------|
| | | | (£m) | % |
| North West | 612 | 611 | -1 | -0.1 |
| North East | 780 | 811 | 31 | 4.0 |
| Mid | 434 | 470 | 36 | 8.1 |
| South West | 1,371 | 1,314 | -57 | -4.1 |
| South East | 2,958 | 2,775 | -183 | -6.2 |

Source: ProVision.

In-centre v out-of-centre convenience retail

As may be expected, in 2011 all five sub-regions had significantly more convenience sales floorspace located out-of-centre than in-centre, as shown in. The South West retains the highest percentage of sales space in-centre, but even here the proportion is only 43%.

¹³ Grocery turnover is the aggregation of estimated grocery spend at all stores in a sub-region.

Table 10: Distribution of Convenience / Grocery Sales Floorspace by Sub-Region, 2011

| Sub-Region | Distribution of Sales Floorspace (All Stores) | |
|------------|---|-------------------|
| | In-Centre (%) | Out-of-Centre (%) |
| North West | 30 | 70 |
| North East | 30 | 70 |
| Mid | 31 | 69 |
| South West | 43 | 57 |
| South East | 38 | 62 |

Source: ProVision.

Table 11 shows a similar breakdown between in-centre and out-of-centre in relation to turnover. The proportion of in-centre sales is higher than the proportion of in-centre sales floorspace in the North East, South West and South East, but is lower in Mid-Wales. In the North sub-region the proportion of in-centre sales matches sales floorspace (30%).

Table 11: Distribution of Convenience / Grocery Turnover by Sub-Region, 2011

| Sub-Region | Distribution of Turnover (All Stores) | |
|------------|---------------------------------------|-------------------|
| | In-Centre (%) | Out-of-Centre (%) |
| North West | 30 | 70 |
| North East | 32 | 68 |
| Mid | 27 | 73 |
| South West | 47 | 53 |
| South East | 40 | 60 |

Source: ProVision

Table 12 shows the estimated proportion of in-centre convenience / grocery sales floorspace and turnover by size category of store and sub-region. The overall trend is that as the size of store increases, proportionately less sales floorspace is accommodated in-centre. This is logical, as it is more difficult to find suitable sites for bigger stores within town centres. In the North and Mid-Wales there are in fact no superstores (25,000 sq ft and above) located in-centre. The North East has the lowest proportion of small and mid-size stores remaining in-centre.

Table 12: Proportion of Convenience / Grocery Sales Floorspace Located 'In-Centre' by Sub-Region and Size of Store, 2011

| Sub-Region | Less than 9,999 Sq Ft Net (%) | 10,000 to 24,999 Sq Ft Net (%) | 25,000 and above Sq Ft Net (%) |
|------------|-------------------------------------|--------------------------------------|--------------------------------------|
| North West | 45 | 35 | 0 |
| North East | 32 | 26 | 29 |
| Mid | 46 | 38 | 0 |
| South West | 45 | 68 | 33 |
| South East | 47 | 49 | 30 |

Source: ProVision.

Table 13 shows the disaggregation in terms of convenience / grocery turnover. In general, a greater proportion of turnover remains in-centre than sales floorspace, which indicates that in-centre stores, on average, must generate higher sales densities than those located out-of-centre.

Table 13: Proportion of Convenience / Grocery Turnover Located 'In-Centre' by Sub-Region and Size of Store, 2011

| Sub-Region | Less than 9,999 Sq Ft Net (%) | 10,000 to 24,999 Sq Ft Net (%) | 25,000 and above Sq Ft Net (%) |
|------------|-------------------------------------|--------------------------------------|--------------------------------------|
| North West | 53 | 35 | 0 |
| North East | 37 | 16 | 34 |
| Mid | 45 | 37 | 0 |
| South West | 50 | 78 | 37 |
| South East | 55 | 57 | 32 |

Source: ProVision.

Supermarket floorspace per head of population

In broad terms 'rural' Wales has the highest quantum of floorspace per capita in relation to small supermarkets of less than 10,000 sq ft net (the North West and Mid sub-regions in particular), but the lowest level for superstores (25,000 sq ft or above). In contrast, the more urbanised parts of Wales, for example, the North East, South East, and parts of the South West, have the most superstore sales floorspace per head, but relatively low densities of floorspace in smaller stores (see 2.2.3).

2.4 Individual retail centres

2.4.1 Hierarchy

In-centre retail destinations in Wales have been ranked on the basis of their total estimated comparison market potential (a proxy for turnover). Three 'sources' of expenditure flowing to centres have been disaggregated; residential expenditure (spend by consumers travelling from home), worker expenditure (spend by consumers at or near their place of work) and tourist expenditure (spend by visitors to a centre)¹⁴.

The top 20 in-centre retail destinations in Wales are shown in **Table 14**. Overall, 80% of the centres are located in the South, with 11 in the South East sub-region and five in the South West. Only two of the top 20 centres are located in the North East, whilst the North West and Mid-Wales both contain just one top 20 centre.

Table 14 : Top 20 In-Centre Retail Destinations in Wales Ranked by Total Comparison Goods Market Potential / Turnover, 2012

| Rank | Centre | Sub-Region | Residential Expenditure | | Worker Expenditure | | Tourist Expenditure | | Total Turnover | |
|------|-------------|------------|-------------------------|-----|--------------------|-----|---------------------|-----|----------------|-----|
| | | | (£m) | (%) | (£m) | (%) | (£m) | (%) | (£m) | (%) |
| 1 | Cardiff | South East | 551.9 | 78 | 36.5 | 5 | 119.2 | 17 | 707.6 | 100 |
| 2 | Swansea | South West | 218.5 | 77 | 14.2 | 5 | 51.9 | 18 | 284.7 | 100 |
| 3 | Cwmbran | South East | 145.7 | 95 | 2.7 | 2 | 4.9 | 3 | 153.3 | 100 |
| 4 | Wrexham | North East | 137.4 | 90 | 7.5 | 5 | 7.8 | 5 | 152.7 | 100 |
| 5 | Newport | South East | 92.3 | 73 | 7.4 | 6 | 27.4 | 21 | 127.1 | 100 |
| 6 | Carmarthen | South West | 87.5 | 85 | 4.0 | 4 | 11.6 | 11 | 103.0 | 100 |
| 7 | Rhyl | North East | 78.5 | 91 | 2.8 | 3 | 4.7 | 6 | 86.1 | 100 |
| 8 | Blackwood | South East | 65.2 | 97 | 1.3 | 2 | 0.9 | 1 | 67.5 | 100 |
| 9 | Neath | South West | 61.8 | 93 | 2.1 | 3 | 2.9 | 4 | 66.9 | 100 |
| 10 | Port Talbot | South West | 44.9 | 75 | 1.8 | 3 | 12.9 | 22 | 59.5 | 100 |

¹⁴ Retail Footprint ensures there is no double-counting of expenditure, which means the spend flowing from residents, workers and tourists may be aggregated to derive total market potential / turnover estimates.

| | | | | | | | | | | |
|----|----------------|------------|------|----|-----|---|------|----|------|-----|
| 11 | Pontypridd | South East | 46.1 | 79 | 2.0 | 3 | 10.2 | 18 | 58.3 | 100 |
| 12 | Aberystwyth | Mid | 43.3 | 78 | 2.6 | 5 | 9.6 | 17 | 55.5 | 100 |
| 13 | Bangor | North West | 33.1 | 61 | 3.1 | 6 | 17.6 | 33 | 53.8 | 100 |
| 14 | Abergavenny | South East | 42.2 | 80 | 2.9 | 6 | 7.4 | 14 | 52.5 | 100 |
| 15 | Caerphilly | South East | 41.2 | 82 | 1.5 | 3 | 7.3 | 15 | 50.1 | 100 |
| 16 | Bridgend | South East | 30.6 | 63 | 3.7 | 8 | 13.9 | 29 | 48.2 | 100 |
| 17 | Merthyr Tydfil | South East | 33.8 | 78 | 3.7 | 8 | 6.0 | 14 | 43.5 | 100 |
| 18 | Haverfordwest | South West | 30.5 | 75 | 3.0 | 7 | 7.1 | 18 | 40.7 | 100 |
| 19 | Monmouth | South East | 28.8 | 83 | 1.1 | 3 | 4.8 | 14 | 35.7 | 100 |
| 20 | Aberdare | South East | 29.6 | 85 | 1.3 | 4 | 4.0 | 11 | 34.9 | 100 |

Source: Retail Footprint

The largest centre by a considerable distance is Cardiff City Centre, which sits at the top of the retail hierarchy with an estimated comparison turnover of £708 million. This is 2.5 times that of Swansea City Centre, the second ranked centre. Only three more centres have turnovers in excess of £100 million – Cwmbran, Wrexham and Newport. There are relatively more centres in the £40 to £70 million turnover range.

The principal source of expenditure for all centres is from residents. Those most reliant on residential spend include Blackwood, Cwmbran, Neath and Rhyl – all above 90%. At the other end of the scale Bangor receives only 61% of its expenditure from residents. Worker expenditure contributes between 2% and 8% to centre turnover, with Bridgend and Merthyr Tydfil attracting proportionately the most and Cwmbran and Blackwood the least. The contribution made by tourist expenditure is much more variable, ranging from just 1% in Blackwood to 33% at Bangor.

The same top 20 centres are ranked in **Figure 34**, but this table shows the disaggregation of each centre's retail offer between Premium, Mass and Value segments of the market¹⁵. Cardiff City Centre is the only centre in Wales with a significant Premium retail offer (38%), easily beating the 10% at Carmarthen. All other centres have a Premium offer of 9% or less; with six having 'zero' Premium retailers present.

¹⁵ All retail units are assigned by CACI a Premium, Mass or Value tag. It is based on a subjective combination of market knowledge, fascia turnover and shopper perception.

Table 15: Retail Offer in Top 20 In-Centre Retail Destinations Disaggregated by Quality of Provision, 2012

| Rank | Centre | Sub-Region | Quality of Retail Offer | | |
|------|----------------|------------|-------------------------|----------|-----------|
| | | | Premium (%) | Mass (%) | Value (%) |
| 1 | Cardiff | South East | 38 | 49 | 13 |
| 2 | Swansea | South West | 9 | 65 | 26 |
| 3 | Cwmbran | South East | 0 | 55 | 45 |
| 4 | Wrexham | North East | 3 | 52 | 45 |
| 5 | Newport | South East | 2 | 55 | 43 |
| 6 | Carmarthen | South West | 10 | 60 | 30 |
| 7 | Rhyl | North East | 2 | 52 | 46 |
| 8 | Blackwood | South East | 0 | 64 | 36 |
| 9 | Neath | South West | 0 | 57 | 43 |
| 10 | Port Talbot | South West | 2 | 43 | 55 |
| 11 | Pontypridd | South East | 0 | 59 | 41 |
| 12 | Aberystwyth | Mid-West | 8 | 49 | 43 |
| 13 | Bangor | North West | 4 | 75 | 21 |
| 14 | Abergavenny | South East | 2 | 57 | 41 |
| 15 | Caerphilly | South East | 0 | 46 | 54 |
| 16 | Bridgend | South East | 3 | 53 | 44 |
| 17 | Merthyr Tydfil | South East | 0 | 39 | 61 |
| 18 | Haverfordwest | South West | 6 | 45 | 49 |
| 19 | Monmouth | South East | 6 | 69 | 25 |
| 20 | Aberdare | South East | 0 | 26 | 74 |

Source: Retail Footprint.

The centre with the highest penetration of mass market retailers is Bangor at 75%, with Monmouth (69%), Swansea (65%) and Blackwood (64%) also scoring well. Aberdare has the lowest proportion of mass market retailers at just 26%.

Lastly, Aberdare has the highest penetration of value retailers (these aimed at the lower end of the market) at 74%, with Merthyr Tydfil in second position at 61%. Cardiff City Centre is the least reliant on value retailers with only 13% of its units targeting this end of the market.

Table 16 shows the top 10 out-of-centre retail locations in the basis of their total comparison goods market potential or turnover.

Table 16 Top 10 Out-of-Centre Retail Destinations in Wales Ranked by Total Comparison Goods Market Potential / Expenditure, 2012

| Rank | Destination | Sub-Region | Total Turnover (£m) |
|------|--------------------------------------|------------|---------------------|
| 1 | Bridgend, Bridgend Designer Outlet | South East | 187.9 |
| 2 | Swansea, Fforestfach Retail Park | South West | 118.7 |
| 3 | Llanelli, Trostre Retail Park | South West | 108.7 |
| 4 | Bangor, Caernarfon Road Retail Park | North West | 88.2 |
| 5 | Merthyr Tydfil, Cyfartha Retail Park | South East | 86.2 |
| 6 | Cardiff, Cardiff Bay Retail Park | South East | 75.1 |
| 7 | Bridgend, Bridgend Retail Park | South East | 67.8 |
| 8 | Cardiff, Newport Road Retail Park | South East | 65.3 |
| 9 | Swansea, Morfa Shopping Park | South West | 59.2 |
| 10 | Cardiff, Culverhouse Cross | South East | 56.5 |

Six of the top 10 destinations are located in South East Wales, with three in the South West and one in the North West. The leading out-of-centre retail destination is the Bridgend Designer Outlet with an estimated turnover of £188 million. Retail parks occupy the next eight positions.

Many of these out-of-centre retail destinations are large and dwarf their nearby town centres. For example, the Designer Outlet and Retail Park at Bridgend have an estimated combined comparison turnover of £256 million, more than five times the trade of Bridgend Town Centre (£48 million). Other towns where out-of-centre turnover easily outstrips that in-centre include:

- Bangor: Town Centre £54 million
Caernarfon Retail Park £88 million
- Merthyr Tydfil: Town Centre £44 million
Cyfartha Retail Park £86 million
- Llanelli: Town Centre £26 million
Trostre Retail Park £109 million

Table 17 compares in-centre and out-of-centre retail destinations. The data shows that four of the top 10 retail destinations in Wales are out-of-centre; whilst in the top 20 eight destinations are out-of-centre. In terms of aggregate comparison turnover around 30% of that of the top 20 destinations is out-of-centre. If the capital city of Cardiff is excluded, then the proportion reaches almost 40%.

Table 17: Top 20 Retail Destinations in Wales, In-Centre and Out-of-Centre, Ranked by Total Comparison Goods Market Potential / Expenditure, 2012

| Rank | Destination | Sub-Region | In or Out of Centre | Total Turnover (£m) |
|------|--------------------------------------|------------|---------------------|---------------------|
| 1 | Cardiff City Centre | South East | In-Centre | 707.6 |
| 2 | Swansea City Centre | South West | In-Centre | 284.7 |
| 3 | Bridgend, Designer Outlet | South East | Out-of-Centre | 187.9 |
| 4 | Cwmbran Town Centre | South East | In-Centre | 153.3 |
| 5 | Wrexham Town Centre | North East | In-Centre | 152.7 |
| 6 | Newport City Centre | South East | In-Centre | 127.1 |
| 7 | Swansea, Fforestfach Retail Park | South West | Out-of-Centre | 118.7 |
| 8 | Llanelli, Troste Retail Park | South West | Out-of-Centre | 108.7 |
| 9 | Carmarthen Town Centre | South West | In-Centre | 103.0 |
| 10 | Bangor, Caerarfan Road Retail Park | North West | Out-of-Centre | 88.2 |
| 11 | Merthyr Tydfil, Cyfartha Retail Park | South East | Out-of-Centre | 86.2 |
| 12 | Rhyl Town Centre | North East | In-Centre | 86.1 |
| 13 | Cardiff, Cardiff Bay Retail Park | South East | In-Centre | 75.1 |
| 14 | Bridgend, Bridgend Retail Park | South East | Out-of-Centre | 67.8 |
| 15 | Blackwood Town Centre | South East | In-Centre | 67.5 |
| 16 | Neath Town Centre | South West | In-Centre | 66.9 |

| | | | | |
|----|---|------------|---------------|------|
| 17 | Cardiff, Newport Road Retail Park | South East | Out-of-Centre | 65.3 |
| 18 | Port Talbot Town Centre | South West | In-Centre | 59.5 |
| 19 | Swansea, Morfa Shopping Park | South West | Out-of-Centre | 59.2 |
| 20 | Pontypridd Town Centre | South East | In-Centre | 58.3 |

Source: Retail Footprint.

2.4.2 Retail catchments

Retail Footprint defines comparison shopping catchment areas around individual retail centres. For each centre, four different catchment areas can be generated, each accounting for a different proportion of a centre's comparison market potential or turnover. The innermost primary catchment, for example, accounts for 50% of centre turnover, with the remaining catchment area bands accounting for diminishing proportions of spend with increasing distance from the centre. The categories of catchment and the proportions of expenditure attributable to each are as follows:

| | |
|----------------------|-----|
| Primary catchment | 50% |
| Secondary catchment | 25% |
| Tertiary catchment | 15% |
| Quaternary catchment | 10% |

Annex 3 shows the comparison catchment areas for the top 20 in-centre retail destinations in Wales (i.e. those listed in **Table 17**). Each map also identifies the main competing centres; these are centres which have catchments that overlap and therefore limit the geographical extent of the subject centre.

It can be observed that the catchment areas vary considerably in size, whilst those of some centres, such as Wrexham, extend well into England. Catchments have no regard to administrative boundaries. Therefore it is common for catchments of centres in one sub-region to extend into and draw expenditure from another. As to be expected, Cardiff City Centre generates the largest catchment, which covers the whole of the South East sub-region and beyond. However, even here the primary catchment is geographically constrained by the close proximity of competing retail centres and retail parks.

2.5 Conclusions on retail dynamics in Wales

Drawing predominantly on data generated by CACI's Retail Footprint and ProVision, this section has provided an in-depth analysis of consumer shopping patterns in Wales in relation to both comparison and convenience retail.

- Although Wales as a whole experiences some net leakage of retail expenditure to England, this is estimated at just 7% for comparison shopping and even less for convenience. These high levels of expenditure retention are generally indicative of a strong retail offer in both market sectors. In relation to individual sub-regions, North East Wales and Mid-Wales have the largest negative balance of trade for comparison shopping, whilst it is the South East and South West that experience the highest net losses for convenience goods.
- Residential spend is the principal source of comparison expenditure in Wales, accounting for 72% of market potential. On-line expenditure is next with 16%; with spend from workers and tourists accounting for the remaining 12%. Although these contributions vary by sub-region, the geographical differences are relatively small.
- Within Wales, an estimated 39% of comparison expenditure currently flows to out-of-centre retail destinations, although this proportion is forecast on the basis of CACI data to fall to 25% by 2018. The North has proportionately the largest flows to out-of-centre retail, whilst Mid-Wales has managed to retain the vast majority of its comparison spend in-centre.
- In relation to convenience shopping, an estimated 61% of grocery expenditure is estimated to flow out-of-centre in Wales, whilst the proportion for superstores is even higher at 70%. In terms of geography, the mid sub-region has the highest proportion of grocery sales out-of-centre at 73%, whilst the South West has the lowest at 53%.
- In general, 'rural' Wales has the highest density of small supermarket sales floorspace per head of population and the lowest density of superstore facilities, whilst the converse is found in the more 'urban' areas of Wales, such as the North East, South East and parts of the South West.
- In terms of comparison retail, out-of-centre retail destinations occupy eight of the top 20 locations in Wales, with the Bridgend Designer Outlet achieving the third highest sales after Cardiff and Swansea. At a more localised level, there are a number of instances where the comparison sales of out-of-centre retail dwarf that of the nearby town centres. Examples include Bridgend, Bangor, Llanelli and Merthyr Tydfil.
- Overall, the analysis of retail dynamics has shown that whilst retail at the regional level appears relatively strong, this disguises the fact that 39% of comparison turnover now flows out-of-centre and that out-of-centre locations now account for eight of the top 20 retail destinations in Wales. For convenience shopping, the shift away from in-centre is even greater with only 39% of turnover remaining in-centre; a proportion that may fall further in the future.
- The evidence on retail dynamics therefore points to the important role that retail planning policy can play in the future in maintaining an appropriate balance between in-centre and out-of-centre retail provision, and in protecting the future

vitality and viability of established shopping centres at all tiers of the retail hierarchy.

3 Town centre case studies

The influence of planning policies in Wales on the achievement of an appropriate balance between in-centre and out of centre retail provision is difficult to assess with any precision – determining what is ‘an appropriate balance’ is itself fraught with challenges. Clearly, a range of controls have been applied through the plan-making and development management activities of local planning authorities, supported by the national framework of PPW and TAN 4.

In order to gain some insights into how the national planning policy framework has played a role in retail and town centre development outcomes, alongside other critical economic drivers of change, a series of case studies have been conducted in a selection of town centres across Wales. These, essentially qualitative case studies, have sought to identify some of the key issues affecting town centre vitality and viability and provide a local reflection of retail dynamics and the influence of planning policy to complement the preceding national level analysis.

The case study towns were selected by the client group to provide a cross-section of centres in terms of location, scale and function. Five centres were identified:

- **Llanelli – South West Wales**
- **Newport – South East Wales**
- **Ruthin – North East Wales**
- **Llangefni – North West Wales**
- **Aberystwyth – Mid Wales.**

For each location the case studies have involved meetings with key local authority officers and consultations with a limited range of other stakeholders as directed locally. The officer discussions have focused on:

- Identifying local economic trends and conditions in the respective town centres;
- Review of local policy and strategy in relation to the town centres;
- Consideration of local developments that have had implications for town centre vitality and viability;
- Discussions on the pros and cons of current national planning policy provisions in providing an effective framework for local development control.

The consultees for each case study are identified in Appendix II.

The case studies provide qualitative review of key issues and dynamics at the local level and do not extend to full quantitative reviews of the centres and catchments. They are intended as a basis for identifying some key policy issues and themes that the Welsh Government may wish to consider in any future review of national planning policies in so far as they relate to town centres.

3.1 Llanelli – South West Wales

Llanelli is a medium-sized former industrial town in south-west Wales. It is currently characterised by high vacancy rates and has few major high street retailers. Local retail dynamics has been significantly influenced by a large out of town A1 retail development, Parc Trostre, which is the focus of this case study as well as the approach to in-centre changes of use from retail to non-retail uses. The case study demonstrates the impacts of out of centre retail development on an industrial town suffering wider economic challenges and the implications of restrictions on non-retail uses in a town centre.



Town Characteristics

Llanelli is the largest town in Carmarthenshire, with a population of approximately 81,000. Llanelli sits on the Loughor estuary, approximately 10 miles north-west of Swansea and 12 miles south-east of Carmarthen. The town has an industrial heritage in tinsplate, steel and coal-mining; and has an economic activity rate marginally below the Welsh average of 71.5%.

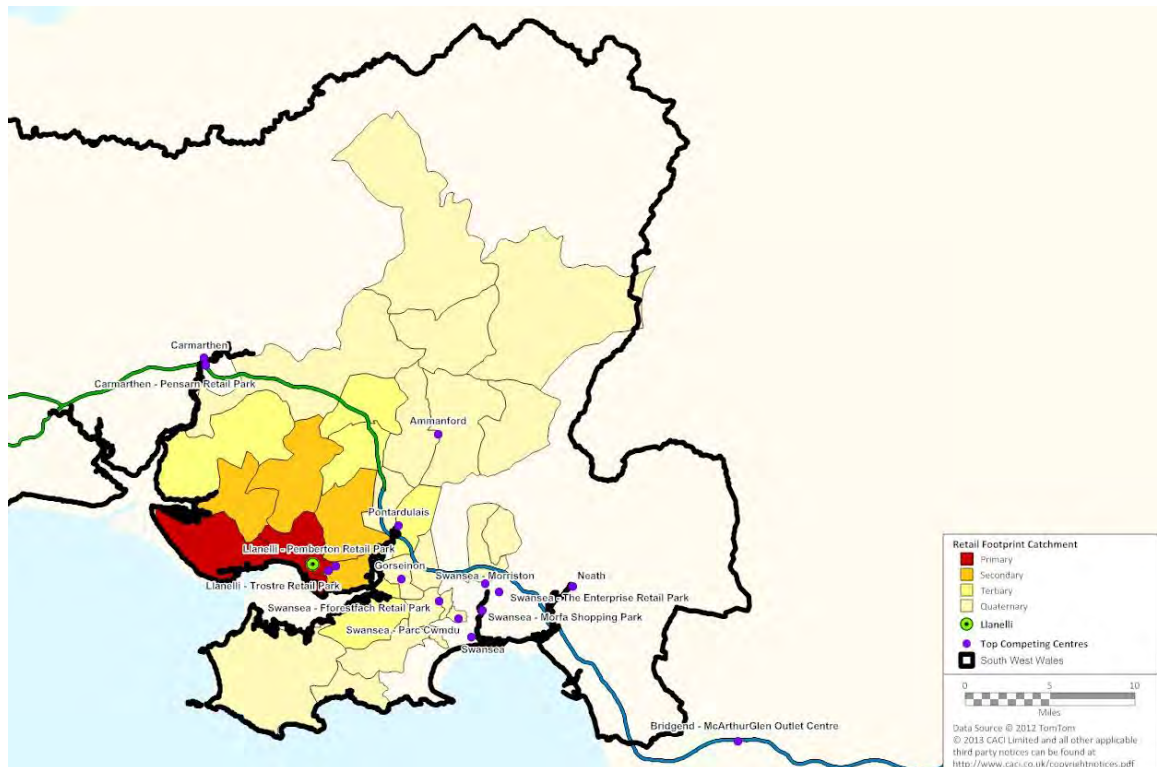
Key Statistics

- Defined by CACI is a Medium Regional Town
- 250,00 people within Llanelli town centre catchment area, compared to 570,000 within Parc Trostre's catchment area
- Total comparison goods market potential is £30.50m in Llanelli and £133m in Parc Trostre
- 27.9% town centre vacancy rate (2012)
- 44,335 sq m of comparison floorspace of which 27,314 sq m is at Parc Trostre¹⁶
- 19,025 sq m of convenience floorspace, of which 11,418 sq m is at Parc Trostre and Parc Pemberton¹⁷

¹⁶ 2009 data from Carmarthenshire Retail Study (NLP)

¹⁷ 2009 data from Carmarthenshire Retail Study (NLP)

Economy and the Retail Sector



Within the Carmarthenshire LDP, Llanelli is highlighted as one of three Growth Centres which are the focus for employment and housing. Llanelli has experienced a decline in employment across all major sectors between 2001 and 2011; losing a third or all resident employment. The public sector is an important local employer (32% of all people in employment). The Council offices and hospital are centrally located, thereby supporting footfall in Llanelli. However, compared with national averages, Llanelli has an under-representation of employment in traditional town centre based sectors such as banking, finance and professional services and a higher proportion of employment in transport, distribution and communication, which tend to favour edge or out of centre employment sites. This points to some movement of employment (and footfall) away from Llanelli town centre as employment structure has changed.

The 2009 Carmarthenshire Retail Study suggested Llanelli has a reasonably good mix of retail units with clothing and footwear accounting for over a third of all units. At the time of publication, major retailers such as TopShop, Superdrug, Boots, Argos, Burtons and Evans were located within the town centre; with the indoor market and street stalls providing an independent retail offer. Since the publication of the 2009 study, the strength of the retail core in Llanelli's town centre has deteriorated significantly following the growth of two major out of town retail parks.



The Economic and Planning Impacts of Out of Town Development

Parc Trostre and Parc Pemberton retail parks are both located adjacent to each other to the east of the town centre. Parc Trostre includes nearly all major high street retailers, some of which have relocated to Parc Trostre from Llanelli town centre. Parc Pemberton has a supermarket as well as bulky goods retailers.

When Parc Trostre first opened in the 1980's the site was Council-owned and was developed to clawback expenditure from Swansea. The retail park had an open A1 retail planning permission but the Council used its powers as landlord to restrict retail occupiers to bulky goods only, which complemented provision in the town centre. In 2005, planning permission was granted for Parc Pemberton directly opposite Parc Trostre. Planning restrictions were placed on the amount of floorspace to be used for comparison goods, and most units were restricted to bulky goods only. The freehold of Parc Trostre was subsequently sold to the private sector without planning or other limitations on retail occupancy. As a result, bulky goods retailers based on Parc Trostre moved onto the newly developed Parc Pemberton, freeing up Parc Trostre for unrestricted A1 retail development in direct competition with the town centre. The provision of modern, purpose built units with free parking was an attractive pull to many town centre retailers who subsequently relocated to Parc Trostre, significantly reducing town centre footfall and retail offer. As a result, Llanelli town centre has become less attractive as a retail destination and has lost substantial market share to Parc Trostre.

| Position | Retail Destination | Type | Market Share % |
|----------|----------------------------------|---------------|----------------|
| 1 | Swansea | Major Centre | 26 |
| 2 | Trostre Park Llanelli | Fashion Park | 19 |
| 3 | Fforestfach Retail Park, Swansea | Fashion Park | 17 |
| 4 | Llanelli | Regional Town | 6 |
| 5 | Carmarthen | Regional Town | 6 |

CACI Retail Footprint 2011, cited in "Location Model Llanelli Town Centre", Skillsmart Retail, Jan 2012

There is consensus amongst local stakeholders that uncontrolled out of town development has had a negative impact on town centre retail viability. Officers acknowledge the critical effect of Parc Trostre on the town centre, but drew comparisons with nearby Carmarthen which has also experienced out of centre retail development. Unlike the situation in Llanelli, this development has been within walking distance of the town centre and has been restricted to bulky goods only. Carmarthen has also retained its function as an administrative centre and important agricultural market town, whilst Llanelli's main industries have been in decline. These wider economic factors have enabled Carmarthen's retail sector to be more resilient to out of town pressures,

suggesting a correlation between the diversity of function and roles within a town centre and the vitality (or at least resilience) of its retail core.

The scale and speed of Parc Trostre's development has not allowed sufficient time to proactively manage change within Llanelli town centre. Wider structural changes leading to the loss of relatively well paid manufacturing jobs has reduced local spending power; and with a much wider catchment area, Parc Trostre has become a more attractive investment for major retailers.

Despite the challenges created by Parc Trostre, it has arguably attracted new retailers and helped to retain retailers in the area which may otherwise have left given the wider economic decline in the area. Clearly, however, the retail park has moved Llanelli's retail core away from the town centre.

Nevertheless, existing local planning policy continues to focus on preserving the vitality and viability of the town centre despite the clear evidence of decline and shift in retail location from the town centre. It may be appropriate to consider reclassifying centres suffering acute economic decline. For example, in England former Planning Policy Statement 4: Planning for Sustainable Economic Growth (now superseded by the National Planning Policy Framework) indicated that local planning authorities might seek to strengthen declining centres by including a wider range of services and by promoting the diversification of uses. PPS 4 went on to explain that where reversal of decline was not possible consideration should be given to reducing the centres position in the retail hierarchy, revising the status of policies applied to the area, and allowing retail units to change to other uses... This type of approach may be appropriate to the circumstances of some towns in Wales, such as Llanelli.

In-centre development and changes of use

One of the main effects of town centre decline has been increased pressure to change A1 uses in the town centre to A2 and A3 uses. As retail cores expand and contract over time, policy needs to provide a flexible framework which allows local planners to resist changes when the retail sector is vibrant, but also consider alternative uses when this is more appropriate for town centre vitality and securing investment is a priority.

In Carmarthenshire, the application of change of use restrictions reflects the position of a centre within a defined centre hierarchy. Within the LDP the hierarchy of centres has been based on TAN 4 definitions, but notably with the inclusion of 'Principal Centres' as an additional tier above Town Centres – Llanelli is defined as a Principal Centre. In developing the LDP, Carmarthenshire has departed from TAN 4 definitions in order to highlight the main centres for future growth which is in line with PPW guidance to identify, "those (*settlements*) which fulfil specialist functions and be clear about their future roles....In some situations it may be necessary to take pro-active steps to identify town or city centre locations for expansion" (PPW, Nov 2012, P141).

In the Carmarthenshire context, a policy is in place to preserve retail uses within defined primary retail frontage of Principal Centres. A slightly more flexible approach to primary retail frontage is adopted for Town Centres. This approach raises issues of consistency with the centre hierarchy defined in national policy in TAN 4.

More specifically, the approach raises questions about the applicability of a policy to restrict changes of use from A1 retail to A2 or A3 uses in a centre which, while defined as a Principal Centre, is now functioning at a lower level given changes in trading patterns, and has very high levels of unit vacancy. This issue has come to the fore in a number of planning decisions for change of use proposals in primary areas of Llanelli town centre:

Change of Use from A1 to A2

In 2007 an appeal against a refusal to grant planning permission for change of use of the ground floor from retail (A1) to Property shop (A2) was allowed. However in 2009, a similar appeal was refused. Both units were located on the same street in Llanelli's primary retail core.

December 2007: Property on Stepney Place

Appeal against a refusal to grant planning permission for change of use of the ground floor from retail (A1) to Property shop (A2).

Context: A vacant property within the primary shopping area of the town centre. The application was rejected as it conflicted with the Development Plan which seeks to safeguard the vitality and viability of the town centre restricting change of ground floor shops to uses outside class A1.

Material considerations: The property had been marketed at reduced rent without any interest from A1 users. The unit was located on the periphery of the primary frontages amongst some uses falling outside A1 and was not located within a continuous frontage of A1 uses. The unit would not have dead frontage. The unit could help to generate pedestrian activity at the entrance of the Arcade which would enhance its vitality and viability for retail trading and as such the proposal would not conflict with PPW or TAN 4.

Outcome: The appeal was allowed

January 2009: Property on Stepney Place

Appeal against a refusal to grant planning permission for change of use of the ground floor from retail (A1) to Property shop (A2).

Context: The unit had been vacant for approximately 2 years and was situated within a row of A1 premises.

Material considerations: There had been lack of interest in the unit, despite flexible rental terms being made available. However securing an A2 use is not necessarily any easier than securing an A1 use, and another unit granted permission to change from A1 to A2 (example above), remained empty. The Council was seeking to reduce rents and rates to increase interest in the town centre and in response there was evidence of some value retailers moving into the centre. The application differed from that above in that it was in the middle of a row of A1 units rather than on the end. The Inspector concluded that permitting change of use could result in similar applications which would undermine the vitality and viability of the town centre and thereby conflict with national planning policy.

Outcome: The appeal was refused.

The two appeal decisions demonstrate the importance of local contextual considerations in the interpretation and application of planning policy in town centres. While the principal of seeking to protect retail use in primary shopping areas may remain valid, such policies need to be applied flexibly to reflect local circumstances and other material considerations. In Llanelli town centre, where vacancy rates remain high, such a policy may serve to inhibit centre diversity and vitality, limiting economic growth prospects. A more positive planning policy framework that seeks to encourage diversity may be more appropriate than seeking to preserve retail use in circumstances where demand for in-centre retail space is low.

Local consultees generally acknowledge the need for flexible application of planning policies in Llanelli town centre. A less prescriptive approach in national policy to the preservation of retail uses in town centres, and to centre hierarchies, could enable distinctive local economic circumstances to be better reflected in the interpretation and application of town centre planning policy, with clear local discretion to allow or resist changes of use in primary retail areas, with national policy support.

Conclusions and Policy Implications

Llanelli is characteristic of a centre which has been in decline, both in terms of its retail core and its wider economy. Although it is clear that the development of a major out of town A1 retail park has significantly undermined the vitality of the town centre, the lack of control over Parc Trostre's development and the speed of its growth, as well as the wider economic decline experienced by Llanelli over recent years, have all been important factors impacting on the level and speed of decline experienced in the town centre. The uncontrolled nature of the out of town development and impacts of the economic recession have made it difficult for local stakeholders to effectively manage change within the town centre and secure new investment to compete with, or provide a complementary function, to Parc Trostre. Local planning authorities need to be aware of the wider consequences of taking corporate decisions on land and property matters to avoid unintentional consequences.

Had Parc Trostre not been developed however, it is possible that the impacts of national retail trends (e.g. retailers reducing the number of stores in small-medium sized towns, increased Internet shopping, consumer preference for easy and free parking etc); as well as the challenging economic environment may have resulted in some retail loss in Llanelli town centre in any event. It has to be acknowledged therefore, that in this instance, Parc Trostre now provide a strong retail centre which is unlikely to have developed in the existing town centre, and this has helped Llanelli to retain retail expenditure which may otherwise have been lost to other centres.

But with major high street retailers now predominantly located out of centre, Llanelli town centre's future may lie in attracting different types of activity and investment back into the primary retail core. Independent traders have often been decentralised by rising town centre rents and rates. The property market in Llanelli appears to have been slow to respond to this change and high rents and rates are preventing independent retailers from moving back into the primary retail core.

From a planning perspective, Llanelli demonstrates the challenge faced by local planning authorities when a centre has declined to a point where the viability of retaining an A1 retail primary core could be questioned. The geographical shift in Llanelli's retail sector to a major new out of town retail park raises questions as to the continued relevance of a policy seeking to resist changes of use from retail within town centres - in some circumstance, this may no longer be viable and promotion of this policy at the exclusion of other forms of investment may serve to undermine town centre vitality.

Balancing short term economic and employment needs with longer term visions for a centre can become difficult and the consideration of retail planning policy alongside wider economic development policy becomes increasingly important. The case study also highlights the importance of national policy giving weight to local interpretation and specificity; and considering whether the inclusion of greater detail at the national level (e.g. centre definitions) supports consistency or creates confusion where this does not fit with local circumstances.

3.2 Newport – South East Wales

The City of Newport is the largest of the case study areas. Located in south-east Wales, Newport has declined as an industrial town with emerging expertise in new industries. The City is characterised by a high proportion of lower end retailers, high vacancy rates and expenditure leakage to Cardiff and Bristol. The focus of the case study is on the effects of out of centre retail developments on the city centre, including a major A1 retail park, Newport Retail Park, which have resulted in the loss of some high street retailers in the City Centre. Newport illustrates the impacts of out of centre development within a larger city centre which performs a diverse range of functions and benefits from a large catchment area.



Town characteristics

Newport is located at the mouth of the river Usk and 12 miles north-east of Cardiff on the M4 corridor. Newport is home to approximately 141,000 people and is a city of contrasts. Divided by the main railway line, Newport has areas of very high deprivation next to very affluent communities. Newport is ranked as the 4th most deprived local authority in Wales with 57% of its Lower Super Output Areas in the most deprived 50% in Wales.

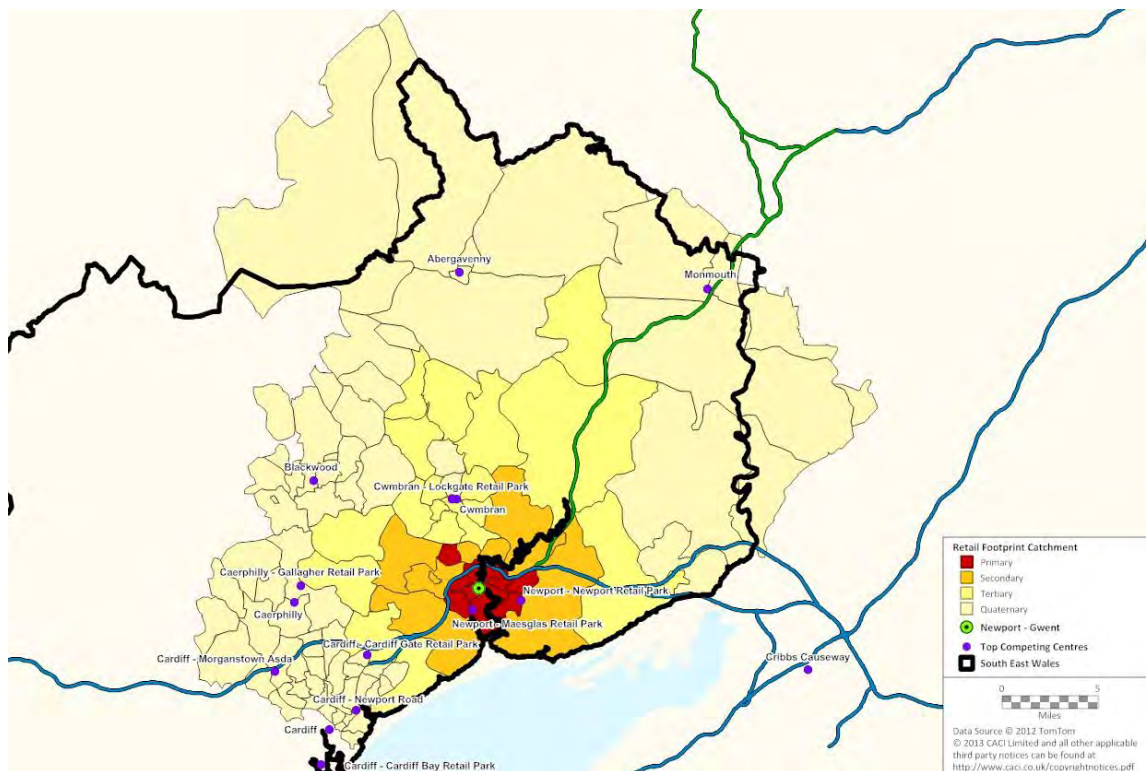
Key Statistics

- CACI defined Major Centre
- 817,427 catchment population
- Total comparison goods market potential (i.e. turnover) of £148m and £37m at Newport Retail Park
- 25% vacancy rate (2013)
- 24,770 sq m net comparison goods floorspace (17,535 sq m at Newport Retail Park)¹⁸
- 4,807 sq m net convenience goods floorspace (4,065 sq m at Newport Retail Park)¹⁹

¹⁸ 2010 Newport Retail Study and Capacity Assessment (Colliers)

¹⁹ 2010 Newport Retail Study and Capacity Assessment (Colliers)

Economy and Retail Sector



Despite areas of high deprivation, Newport is an economically important city in the south-east Wales economy. Although there has been a decline in the total number of employee jobs as a result of the economic recession (and heavy dependence on public sector employment), job density has remained consistently above the national average over the past 6 years. It has over 1.5m people within its travel to work area, and is a net importer of labour with many jobs in the City filled by non-residents. Over the last 5 years, the number of active businesses within Newport has fluctuated and has been affected by Newport's reliance on the public sector as a driver of the local economy. Retail businesses have seen a notable decline due to changing shopping behaviours, consumer preference for neighbouring centres and CPOs being promoted to allow for development of a new city centre shopping facility.

Between 2001 and 2011 total resident employment has increased by approximately 7% compared with 14% across Wales as a whole. Economic trends within Newport have otherwise been broadly in line with national trends suggesting the retail sector has not faced any additional pressures resulting from above average job losses. This wider economic context is an important factor in understanding the resilience of the city centre to increased retail competition.

Newport contributes 6% of all retail employees in Wales, and 4% of all retail establishments. The City Centre has an established market housing traditional, independent retailers. The Kingsway Shopping Centre is located within the City Centre and includes high street retailers as well as independent shops. The main high street stores are at the lower end of the retail market and the Centre has a small number of

major high street retailers. City Centre footfall has seen a decline over recent years from approximately 11.4m in 2007 to around 8.8m in 2011. A mystery shopping exercise in 2010 concluded that the retail environment was “very poor” and suffered from its proximity to Cardiff and Bristol.



During the boom years, retail employment in Newport increased by 15% between 2003-08. One of the main contributors to this increase was within retail businesses in ‘non-specialised’ stores which comprises nearly half of all retail employment and includes supermarkets and major department stores operating from larger units. CACI Retail Footprint data also ranks Newport 4th out of 313 retail destinations in Wales in terms of its attractiveness as a retail centre; behind Cardiff, Swansea and Wrexham. Leakage of expenditure to Cardiff is an important factor affecting the retail sector. Cardiff attracts approximately 31% of shoppers (for comparison goods) within Newport’s catchment area.

Newport has seen significant redevelopment of its city centre with £64m of regeneration investment going into the City over 2010/12. This has included retail redevelopment which will bring major retailers back into the City Centre. The Friars Walk Retail Scheme will see the demolition of shops in the John Frost Square and redevelopment which will bring Debenhams, Top Shop and Next back into the City Centre in 2015. The development will also include restaurants, Cineworld multiplex and other retail and leisure space to complement the completed redevelopment of the Kingsway Shopping Centre. Newport has also begun work on a £700,000 refurbishment of the market to create new units and improve the public realm to support a café culture. Further work is being undertaken to develop new office accommodation. Improvements are also being made to the bus station, railway station and streetscape as part of the Newport Gateway Scheme. The regeneration of the City Centre is highlighted as a priority of Newport’s Economic Development Strategy 2011-2015. Economic development activity is being focused within the City Centre; enhancing its viability as a location for retail and other investment. This has also been supported by new housing and the development of the University of Newport within central locations.

Although Newport has seen growth in out of town retail, there has also been investment within the City Centre to strengthen its retail offer and diversify the economic base to increase footfall. Newport has benefited from a stronger economic base than some of the smaller case study towns, and therefore appears more resilient to increased retail competition. The wider economic context and active management of change within Newport has cushioned the impacts of out of town and edge of town retailing. There is also evidence to suggest that retailers still view Newport City Centre as a viable location with some major retailers committing to City Centre locations. Local capacity to absorb increased competition within the retail sector is therefore an important consideration, with the experiences of Newport suggesting that retailers will still invest where they see a market.

The Economic and Planning Impacts of Out of Town Development

Newport Retail Park

The out of centre Newport Retail Park to the south of the city has had significant implications for retail dynamics in the city. Planning permission to develop the Newport Retail Park was initially granted to accommodate bulky goods retailers only. The Park was subsequently designated as a 'District Centre' to cater for Newport's developing Eastern Expansion Zone. Newport City Council was committed to developing the retail park as a District Centre, and put restrictions on its growth to ensure it developed gradually as new housing was built in the surrounding area and to minimise any potentially negative impacts on city centre retailers.

This approach has, however, been rejected by the Planning Inspectorate which supported the developers case that such restrictions were in conflict with TAN 4 which makes reference to 'District Centres' within the definition of 'Town Centres'. In effect, the developer has been able to establish that Newport Retail Park functions as a town centre and therefore a bulky goods restriction is inappropriate. Moreover, proposals for extensions to the Retail Park have consequently been treated as 'edge of centre' given the anomaly between town centre and district centre definitions. This seemingly semantic point regarding definitions in TAN 4 has enabled the developer to successfully argue that the Council's definition of the Retail Park implies that it should be treated as a town centre rather than out-of-centre in applying policy tests to further retail development proposals at the Park.

The impact of this decision has been that control over further development and growth of the retail park was lost, and as such it has developed in a form and at a rate which has undermined the city centre. This growth in the Retail Park coincided with the recession which reduced investment in the city centre and further compounded the effects of the retail park's growth. Newport Retail Park now include major high street retailers such as Marks and Spencer, Next, Boots and a large Tesco Extra. Its gross floorspace is equivalent to approximately 73% of the City Centre. This has been driven by retailers' desire for large, modern and more economically efficient units over city centre locations where units may not be appropriately configured to allow profit maximisation. Revisions to the Deposit Draft Local Development Plan, December 2013, are now seeking to clarify the planning status of the Retail Park.

Although Newport City Council was in support of the retail park's growth, planning policy interpretation has limited control over the rate of its development. Moreover, the wider growth of bulky goods retailing beyond the city centre has led to incremental pressure to allow the division of large retail warehouses into smaller units which can accommodate operators which may be more appropriate in a central location. The availability of such opportunities and the constraints on the configuration and size of city centre units, places further pressure on the 'town-centre first' principle. An inability to control these incremental changes and the speed of retail developments can hinder local officers' ability to effectively manage the dynamics of retail change across the city.

A lack of clarity regarding the definition of uses "*best located in an existing centre*" has also led to challenges in the interpretation of national planning policy. The authority is under pressure to change uses on out of centre industrial estates to leisure uses such as play-centres and gyms, which have the potential to draw activity out of the city centre. Whilst single applications may not have a significant impact on city centre vitality, the

cumulative effect of general movement away from centres could be to gradually reduce footfall which over time undermines city centre vitality and viability.

The potential for variable interpretations of national planning policy was a key issue raised by consultees in Newport. In addition to issues in relation to terminology in TAN 4 and the nature of uses best located in a centre, a further local example serves to illustrate the challenges arising in the application of the 'needs' test:

Proposals for Out of Centre Food Store

Despite an officer recommendation to refuse an application for a large out of centre food store, planning permission was granted as regeneration benefits were argued to outweigh planning policy objections. The application had been recommended for refusal as it had failed to demonstrate adequate need and it had not thoroughly demonstrated that the location was acceptable in sequential terms. The applicant successfully argued that the economic development rationale for the project should be given weight as a material consideration and reference was made to English planning policy which has moved (it was argued) towards a needs test which is broader than retail need and should consider opportunities to deliver wider sustainable benefits. National planning policy gives limited guidance on the relative weight which should be given to other material considerations in assessing retail development in terms of need and sequential test. PPW Chapter 10 states that regeneration and additional employment benefits are not considered qualitative need factors in retail policy terms, though may be material considerations in a planning application.

Conclusions and Policy Implications

Newport presents an example of a large city centre which, whilst experiencing some negative impacts from out of centre growth, has cushioned this by retaining a diversity of functions within its city centre and successfully attracting new investment into the centre. An ongoing and positive approach to regeneration has been an important contributor in mitigating the potential impacts of out of centre development. From a planning perspective, Newport's experiences illustrate a number of areas where national planning policy guidance may need to offer more specific guidance to local planning authorities. More frequent updates of the TAN guidance, reconsideration of TAN 4 definitions, greater elaboration of PPW policies in terms of balancing need and other material considerations, and clarity on uses best located in centres, were identified by consultees for consideration.

The Newport case study raises further questions regarding the hierarchy of policy and the relationship between local 'policies' and national 'guidance'. Issues were raised about the relative weight attached to national and local policy provisions and the need to provide local planning authorities with greater control to tailor policy to specific local circumstances and development needs.

3.3 Ruthin – North East Wales

Ruthin is a small, historical town located in a predominantly rural and affluent area of north-east Wales which attracts a modest amount of tourist trade. With much of the town centre being a Conservation Area, Ruthin has experienced a modest amount of edge of centre development, primarily in the form of a Tesco supermarket. The town has never had a large proportion of national multiples in its town centre but has maintained a vibrant and viable town centre largely comprising independent retailers. The case study focus is on the benefits of diversification and extending a town centre offer to tourists in the context of a rural centre, and also the benefit of aligning town centre policy to a wider economic vision for a town.



Town Characteristics

Key Statistics

- CACI defined Rural Centre
- 37,832 catchment population
- Total comparison goods market potential (i.e. turnover) of £6.9m
- 25 vacant units (14%)²⁰

Located within the County of Denbighshire, Ruthin is an administrative and service centre in a predominantly rural and affluent area. Commutable to the major urban centres of Manchester and Chester, the town has a relatively high proportion of resident employment in professional, associate professional and managerial occupations. The public sector remains a major local employer.

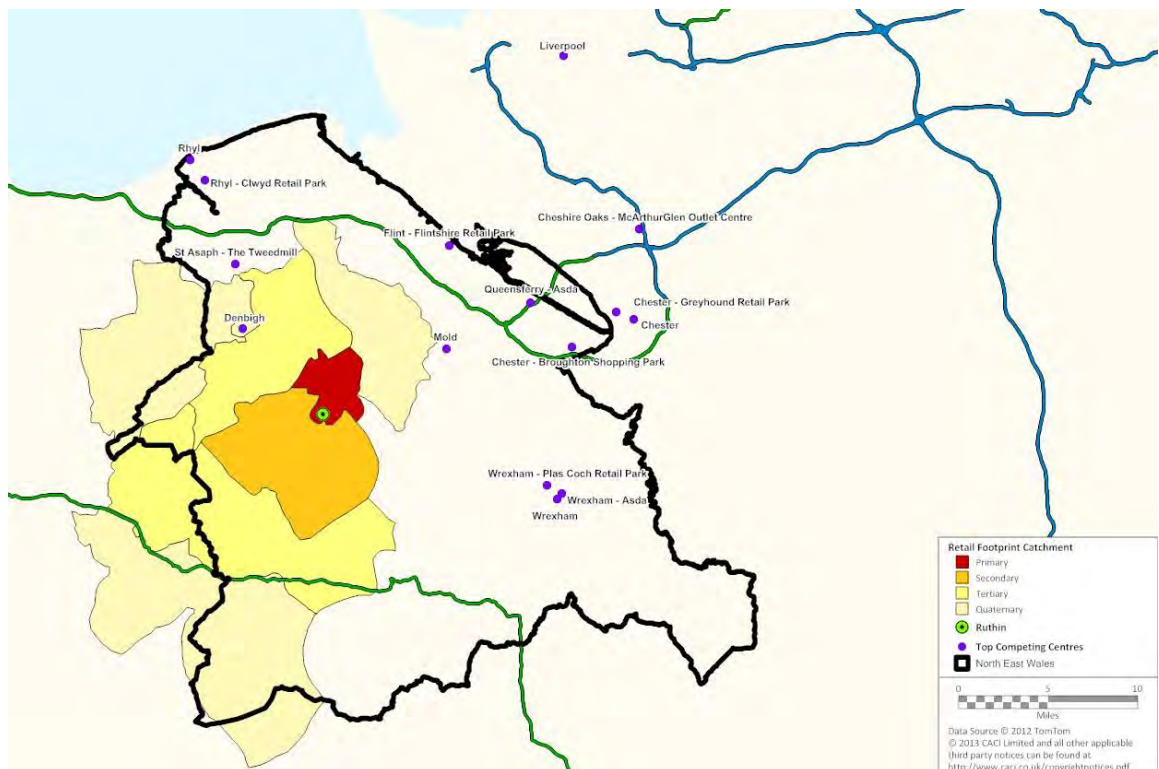
Ruthin has a rich architectural heritage with 230 listed buildings and a number of other



²⁰ Ruthin Town Plan 2011

buildings of historical significance. It has a renowned craft centre and gallery located in an edge of centre location but within walking distance of the town centre and its surrounding countryside is an Area of Outstanding Natural Beauty. The town has an ageing population of approximately 5,000. It is home to an important agricultural market which moved to an out of centre location approximately 20 years ago. The main industrial estate on the edge of the town centre, Lon Parcwr is the location of a Tesco store which, with the exception of a small Co-op, is the only major convenience goods store in Ruthin. The industrial estate also includes bulky goods businesses (predominantly local independent businesses) which, in some cases, have also started small scale retailing operations from their units.

Economy and Retail Sector



Resident employment in Ruthin has not been disproportionately affected by the effects of the economic recession, with overall resident employment increasing by 11% compared to 15% nationally. Ruthin is developing its function as a tourist destination and agricultural market town. Across Denbighshire, the County's emerging Economic and Community Ambition Strategy aims to grow and diversify the tourism offer through outdoor activity, food and drink and Welsh language, culture and heritage themes. The quality of Ruthin's built environment and leisure/tourist attractions will ensure the town is well placed to capitalise on any growth in local tourism. Ruthin is predominantly a local service centre which meets local needs and captures some additional tourist trade. In an area of this size, wider structural and economic trends have had less direct relevance for the retail sector than in other case study areas where there have been major job losses or a geographical dispersal of employment. What is important to note however, is that the area is overall relatively affluent, with strong local spending power.

Ruthin's retail sector serves a very local catchment area. The town and prime retail core are contained within a few streets in the centre of Ruthin around St Peter's Square. The town has never been a location for major high street retailers. Instead, Ruthin has a large proportion of independent retailers, many of which sell higher end comparison and convenience goods and well known brands such as Joules and Pandora. There are a number of well established and well patronised specialist retailers such as local butchers, and Ruthin has a good reputation for ladies clothing and hair and beauty retailers. The town has a number of cafes and restaurants, some of which have good reputations across the area. More recently, a number of high street brands within the food and drink sector have established businesses within the town.



With key services such as banks, hairdressers, florists, police station and library located within the town centre, Ruthin has a diverse business base which supports a vibrant and viable town centre. With an ageing population, the town plays an important local service role for people unable or unwilling to travel long distances to other retail destinations. The town has successfully retained footfall, and despite not having a

significant amount of business/office accommodation within the town, its role as a tourist destination has supported the retention of daytime footfall.

The town centre's vacancy rate is comparable with Wales as a whole and although there is some churn within the retail sector, this is consistent with typical rates of change found in similar town centres. Ruthin is considered to be a good location for independent traders and people seeking lifestyle businesses to pilot new ventures but this tends to increase churn in town centre occupancy. In some respects, this churn reflects the entrepreneurial nature of the retail sector within Ruthin. A retail health check of Ruthin undertaken pre-recession in 2003 commented that:

- The number of convenience outlets has remained constant between 1997 and 2002 and has adequate provision;
- There are three supermarkets in edge of centre locations (although one is a small Co-op);
- The number of comparison outlets as a proportion of total stock has been in decline. Although there are 13 clothing shops, it does not have a reputation as a comparison goods destination;
- There is evidence Ruthin is becoming a service sector destination e.g. hair and beauty. It also has plenty of restaurants and hotels which reflect its role as a tourist destination.

The report's conclusion that Ruthin is not a comparison goods destination is generally supported by local stakeholder's perceptions that, whilst Ruthin offers a good level of comparison retailing, a high proportion of residents travel to Cheshire Oaks or Mold for major comparison goods purchases and for some convenience goods shopping. Other destinations for main shopping trips will include Rhyl and Wrexham.

Although there is clearly competition for retail expenditure locally, Ruthin town appears to have been resilient to this. Given the size of Ruthin's local catchment area and the size/configuration of its core retail units, the town has not had major high street retailers typically seen in larger towns and cities. Over recent years, many high street retailers

have been reducing the number of stores they operate from; favouring larger, out of centre units. By not having major high street retailers, Ruthin has been sheltered from this particular retail trend. Instead, the town's retail offer largely comprises local independent traders who have greater buy-in to the town and have cumulatively created a different retail offer to that traditionally found in most high streets which will also serve the town's developing tourist market well.

The Economic and Planning Impacts of Out of Town Development

Ruthin has been relatively unaffected by out of town retail development but an edge of centre Tesco store provides a focus for this case study.

Edge of centre supermarket development

The opening of a Tesco store in an edge of centre location is reported by consultees to have had no discernible negative impact on the town centre. It has met a recognized quantifiable need for convenience goods provision, identified in retail impact submissions as part of the planning application and may have helped clawback convenience goods expenditure lost to other centres. Tesco was restricted from providing a café or comparison goods within the development to protect town centre retailers. It is clear that the rate and scale of change within Ruthin has been slow and appropriate which has allowed the town centre to adapt to new developments. Notably, despite objections to the Tesco development on grounds of trading impact, the Co-op has continued trading although a small Kwik Save did close. Interestingly, it was reported that the overall trend in Ruthin prior to Tesco had been characterized by a number of closures, but since opening a range of new investments have come to the town centre.

The location of the Tesco store is defined as edge of centre but its location at the bottom of a hill from the town centre and its highly accessible position at the end of a link road to the north of the town will have limited the incidence of linked trips to both the store and town centre. Nevertheless, such trips do occur and the store car park provides an important asset in this area of the centre in retaining visitors to the town. Critically, the town has a sufficiently attractive offer to draw in trade irrespective of Tesco, but the store is generally considered to have had a positive effect on the overall offer of Ruthin as a service centre.

Despite the town centre remaining resilient to out of town retail pressures, the impacts of online retailing is a local concern. Although the town may have been cushioned from the exodus of high street retailers experienced in other areas, the Internet now brings these retailers into direct competition with independent traders. It remains to be seen whether the differentiated retail experience offered by the town is able to hold its ground and compete in an increasingly online marketplace. However, Ruthin is taking practical steps to manage changes in the retail sector, and is developing a community-focused centre offering a diverse range of uses and functions in addition to retail.

In-centre development and changes of use

The main focus in planning terms has been maintaining and increasing the vitality of the town centre. The protection of A1 retail uses in the primary retail core is a key local concern. Although the town centre still comprises predominantly A1 uses, there have been a number of applications for changes of use to A2 and A3. Consultees highlighted that the current A3 use class includes restaurants and bars, as well as hot food take-

aways. The local planning authority has sought to restrict some A3 developments where these are not in keeping with the local character of the town, but support others which diversify the business base and increase footfall. This can be challenging given the range of uses that fall within the A3 use class in Wales. The approach in England distinguishes between restaurants and cafes (for consumption on the premises) (A3), dining establishments (A4) and hot food takeaways (A5) – this was arguably a more appropriate system.

Denbighshire's LDP, adopted in June 2013, seeks to resist town centre developments which would lead to “...an unacceptable imbalance of retail and non-retail uses...” Assessment of what would constitute an unacceptable imbalance is a local consideration, but national policy offers no guidance on the factors to be taken into account in reaching such judgements.

In the context of Ruthin, policies to protect A1 uses in the primary retail core can help to maintain diversity given ongoing pressure for service uses linked to tourism. However, the approach to control may be more effective if planning policies formed part of a wider, more holistic future economic vision of the town, such as a Town Centre Plan. This could identify the overall uses / balance required to achieve a vibrant, vital and sustainable town centre and then adopt a more flexible approach to the use of individual premises. Such Plans would ensure that planning policies formed part of a clear economic and spatial strategy and could form part of supplementary guidance to support town centre vitality and viability. Consultees identified Local Development Orders as a useful potential planning tool to facilitate this more flexible and responsive approach, particularly in small towns such as Ruthin.

Consultees in relation to Ruthin considered national planning policy and guidance to be very broad and lacking the policy specificity required at local level. However, this enables local planning policies to be tailored to different local contexts, while aligning to a broader national policy context.

Conclusions and Policy Implications

Ruthin is not typical of most small towns in terms of its retail provision. With a lack of major high street retailers, Ruthin has not been subject to the same retail changes experienced in other urban centres, and has developed a strong tradition of independent retailing and a relatively diverse town centre supporting tourism appeal. The town is a conservation area and has a large number of listed buildings which has helped to preserve the historical character of the town and provide additional control over the nature of development. Serving a relatively small, affluent and predominantly rural local community, pressures for out of town development have been modest and, where they have occurred, as in the case of the edge of town Tesco, developments have addressed an identified local need and have strengthened the town's overall retail offer.

Moving forward therefore Ruthin does not face the same pressures as other case study areas which are seeking to reverse significant town centre decline. Instead, Ruthin's main focus is on preserving and continuing to develop its town centre. The current Use Classes Order lacks the refinement to enable controls over certain uses, notably in terms of activities in the A3 use class and this may point to the need for early review. Moreover, Ruthin is a centre which could benefit from a clear economic vision and strategy which could then guide future development and with planning policies acting as a delivery tool. This stronger alignment between planning policies and economic visions and outcomes should be promoted in national policy.

3.4 Llangefni – North West Wales

Llangefni is a small market town on Anglesey in north-west Wales. Serving a predominantly rural area which includes both areas of affluence and deprivation, Llangefni is geographically isolated from other major urban centres. Despite an out of town supermarket development, Llangefni town centre is characterised by predominantly independent retailers serving a very local market. The retail mix is limited with few quality comparison goods stores, and the centre is vulnerable to decline without new investment. This case study relates to a town which has been subject to out of town retail development but has a strong focus on improving the town centre offer in the context of a comparatively low value and vulnerable local economy.

Town Characteristics

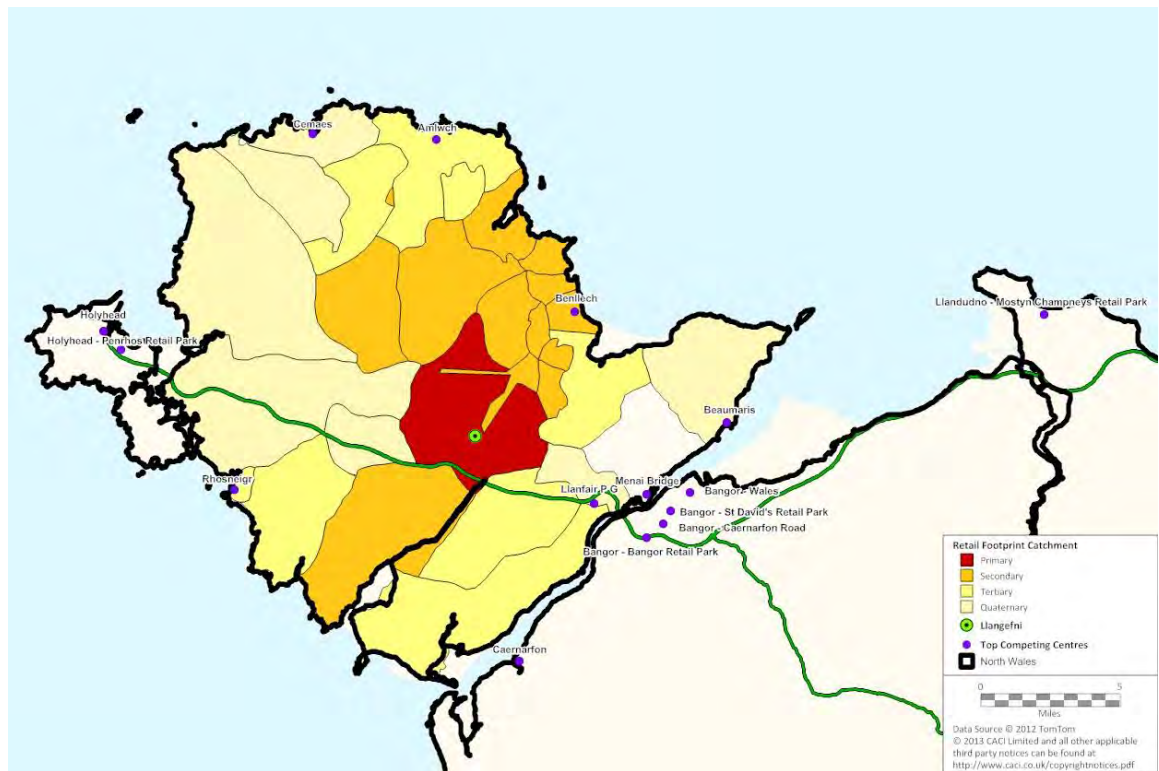
Key Statistics

- CACI defined Rural Centre
- 52,561 catchment population
- Total comparison goods market potential (i.e. turnover) of £6m
- 8% vacancy rate (2013)



Llangefni is a county town and the second largest town in Anglesey, with a population of approximately 5,000 people. Located in the centre of Anglesey, Llangefni is a commercial and agricultural market town providing a basic range of services. Anglesey has been designated as an Enterprise Zone and has benefitted from regeneration funding to develop its infrastructure and economy.

Economy and Retail Sector



Llangefni has a predominantly low-wage economy and is under-represented in terms of professional and associate professional occupations, with a relatively high proportion of employment in lower-skilled occupations such as process, plant and machine operatives and personal service occupations. The 2 Sisters Food Group is a major local employer providing approximately 600 jobs, although predominantly in low-waged positions. Resident employment trends between 2001-11 suggest that the local economy has remained relatively stable with total employment increasing by 24% compared with 15% nationally. This is mainly due to employment growth in the public sector, accommodation/food services as well as financial and insurance services.

Businesses located on Llangefni's main industrial estate have performed well despite the economic downturn. Much of the growth has been organic growth of local businesses achieved over a number of years, suggesting a degree of stability to the local economy which may result from its geographical isolation. Economic growth has also leaned slightly towards the food industry, reflecting the agricultural heritage of the town. Some inward investment has been attracted to the town, although the full benefits of Anglesey's Enterprise Zone status in terms of new businesses moving into the area, have yet to materialise.

Despite the modest growth of its wider economy, the town centre is not perceived to be particularly vibrant although vacancy levels are low. The town has never had major high street retailers and therefore, like Ruthin, has been relatively unaffected by the withdrawal of high street retailers from other small and medium sized centres as retailers have looked to reduce costs and increase their online operations.

Llangefni town centre has a large number of independent traders and holds a successful market twice a week. These independent traders have withstood increased competition from the opening of edge and out of centre supermarkets (Asda, Lidl and Aldi) and the

town has successfully retained key services such as banks, building societies, pharmacy and hairdressers. Llangefni has low vacancy rates and a high proportion of well established businesses which retain a loyal customer base. Town centre retailers are, however, predominantly lower value such as Iceland, charity shops, Spar and take-aways. A small Boots and Superdrug are located in the main shopping area, along with a Stead and Simpson shoe shop, but overall there are few comparison goods retailers, particularly clothing. This was also highlighted in a 2013 Gwynedd and Anglesey Retail Study which concluded that Llangefni predominantly serves the local Anglesey market and provides a basic range of services. A large Asda store serves the town well in terms of convenience goods, but the retail study identifies a small-scale need to enhance comparison goods provision within the town centre.

With Llangefni operating as a local service centre catering for basic local needs rather than as a prime retail destination, and with the wider Llangefni economy remaining relatively stable so as to maintain local expenditure, the retail core appears less influenced by external retail trends. With changing consumer shopping patterns and the increased ease of online retailing, alongside continued pressures on disposable household income, centres like Llangefni remain, however, vulnerable to decline.

The town has benefited from regeneration funding which has been used for public realm improvements. This funding, however, has now been replaced by Vibrant and Viable Places funding which is only available to Holyhead. Moving forward there are concerns locally that the loss of this funding will prevent Llangefni from maintaining its town centre, and support is required to ensure the town does not spiral into a cycle of decline which cannot be reversed.

Economic and Planning Impacts of Out of Town Development

Given the size of Llangefni there has been relatively little pressure for major out of town developments. An Asda supermarket is located on the edge of Llangefni centre on the former cattle market site. However, this was developed in response to a quantifiable need for convenience provision and has therefore integrated with the town centre offer. Following the opening of this store Llangefni has retained a number of independent food retailers.

There is some pressure for changes of use of units on the town's industrial estate, including to A1/A2 uses, but this has been restricted to a small proportion of total floorspace to allow manufacturing businesses to also offer a retail service. Any requests for major out of centre A1 development would be resisted in planning terms, however to date, the town has not attracted interest from major high street retailers and the majority of enquiries tend to be for traditional town centre locations rather than out of town propositions.

Where there have been requests for out of centre development, this has tended to be from bulky goods retailers and supermarkets due to the unsuitability of town centre sites for this type of outlet. Across the county there are concerns regarding a pipeline of out of town developments granted permission in the past without planning restrictions to prevent change of use or sub-division of large units. Moving forward this could be a major threat to vulnerable town centres such as Llangefni.

Whilst PPW and TAN 4 are key points of reference for the Joint Anglesey and Gwynedd LDP, TAN 4 is not a document which is drawn upon regularly as it is viewed as out of date. Additional guidance in relation to the application of the sequential test, including what applicants should consider in determining whether sequentially preferable sites are unsuitable, would be helpful to local planners when seeking to restrict out of centre development and ensure a consistent approach is adopted across areas.

Overall, consultees indicated that PPW Chapter 7 is moving policy in the right direction in terms of making links between retail planning and wider economic development. Greater flexibility to reduce or expand the primary retail core depending on local circumstances was felt to be a positive step to allow different types of development beyond the main retail core. Whilst 'town centre first' is still seen to be a relevant policy objective, there is a need to understand individual town centre's circumstances, and to have the flexibility locally to adjust how the policy should be delivered based on a pragmatic assessment of each centre and its role/function compared with neighbouring centres. National policy was felt to be sufficiently flexible to allow local tailoring, although TAN 4 was considered superfluous in the context of PPW.

Conclusions and Policy Implications

Llangefni is similar to Ruthin in that it is relatively unaffected by neighbouring urban centres; it is a small, free-standing market town serving a rural community; it has had a relatively modest amount of out of centre development; and it has retained successful independent retailers. Llangefni however serves a much less affluent catchment area and lacks the high quality built environment of other small centres. Also, Llangefni does not benefit from a significant tourist trade. This is reflected in the retail mix with a shortage of quality comparison goods stores. The nature of the catchment area suggests that Llangefni may be a centre vulnerable to decline without continued support and investment. In this context, planning policy needs to support investment in the town centre to retain and increase footfall and a critical mass of activity. Significant out of centre retail development in a small town such as Llangefni could reduce the long term viability of the centre as a location for retail and other investment and therefore clear guidance on the application of key tests such as development need and sequential preference is required.

The challenge locally is to ensure that national and local planning policy offers the flexibility for a town like Llangefni to balance planning and economic regeneration objectives, maintain an appropriate mix of town centre activities to meet the retail and service needs of the local population, and to promote local economic development and jobs.

3.5 Aberystwyth – Mid Wales

Aberystwyth is a medium-sized coastal and university town located in mid-west Wales. It has a vibrant town centre with a good mix of multiples and independent retailers, and provides a diverse range of other services commensurate with a regional service centre. The town is geographically isolated and serves a large, predominantly rural but affluent catchment area. The town provides a good example of a strong and vibrant town centre where major out of town retail development has largely been controlled but where the diversity of the centre has enabled it to compete effectively with out of town developments. A major edge of centre development is approved and in the pipeline which provides a focus for the case study alongside consideration of the factors underpinning the town's vitality and viability.



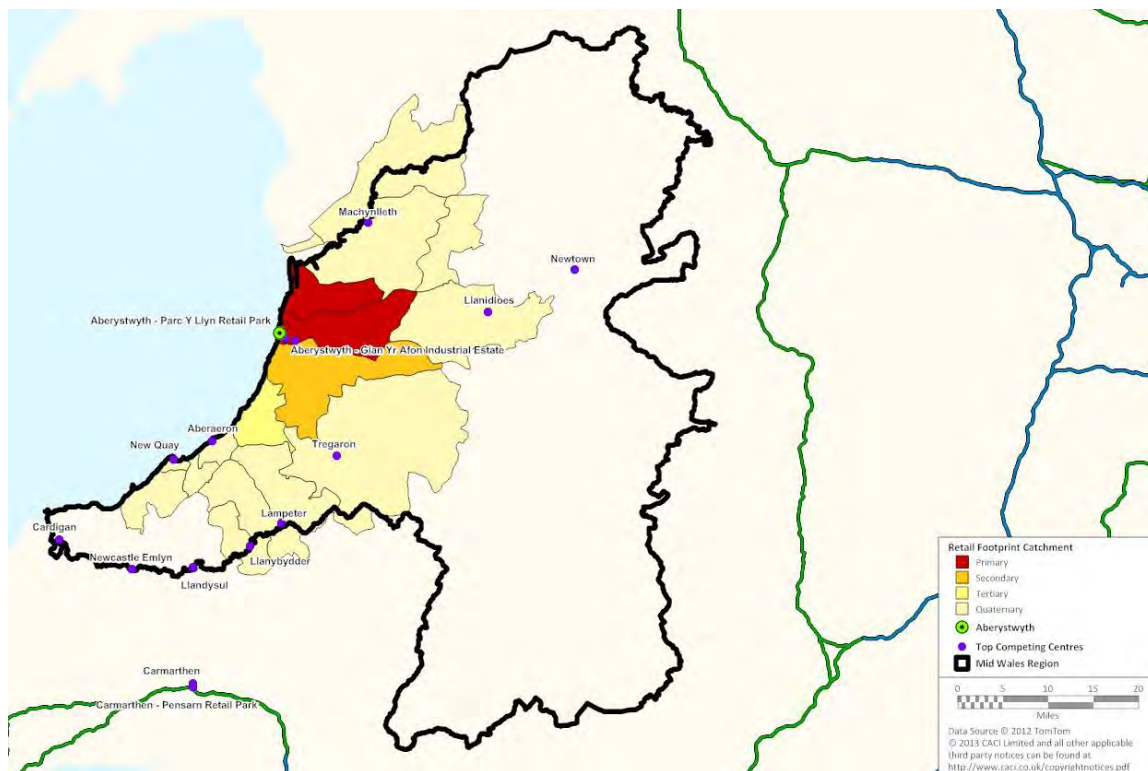
Town Characteristics

Aberystwyth is an historic market town, university town and holiday resort located on the west coast of the Ceredigion County. Serving a predominantly rural area, the nearest major centres are Swansea (70 miles away) and Cardiff (100 miles away). The town is therefore free-standing with limited competition for a wide expenditure catchment. Aberystwyth town has a population of approximately 13,000 people, but also has a large student population of approximately 9,000. The university and student population provides a major market for retailers and other service providers in Aberystwyth.

Key Statistics

- CACI defined Medium Regional Town
- 77,599 catchment population
- Total comparison goods market potential (i.e. turnover) of £66m
- 8% vacancy rate
- 16,410 sq. m net comparison goods floorspace (2007)
- 4,279 sq. m net convenience goods floorspace (2007)

Economy and Retail Sector



Aberystwyth is the most significant settlement within Mid Wales. It is home to new Welsh Government offices, a major hospital and the National Library of Wales. It has benefited from a three year regeneration programme ending in March 2015. The town has a distinct character and setting, with its relative isolation helping preserve its distinctiveness and identity. This has been recognised by local stakeholders, and with growing pressure for more development within the town - in 2006/07 a Masterplan was prepared to ensure future development was planned and sustainable.

A Masterplan for Aberystwyth (November 2007)

In 2007 a Masterplan for Aberystwyth was published to direct the town's planning and development. The Plan recognised the distinct character of the town and the importance of preserving this through planned and sustainable development. It states:

"The centre of Aberystwyth is a reflection of its strong Welsh and bilingual culture. The town has retained a strong tradition of independent retailers that help to distinguish it from other centres. This strong local connection is carried through into the ethos of many of the businesses. High quality produce is very evident.....Aberystwyth does have a large and diverse range of independent retailers that help establish the character of the town. These retailers operate alongside national multiples to create a vital and viable town centre".

During community consultation on the Masterplan many local residents felt negatively about development that had occurred within the town – *"there was a strong acceptance of*

change and a willingness to accept it provided that it was carried out to complement the overall character, image and identity of the town. The protection and enhancement of the existing town centre and retention of the large number of small independent businesses within it was seen as an essential requirement”.

Preservation of the character and image of the town was clearly valued and acknowledged by the local community. There was a sense of needing to preserve and enhance rather than pursue development at any cost, and the preparation of the Masterplan was an important step in bringing economic development and planning considerations together into a strategic vision for the town and providing a framework within which planning decisions can be made to contribute to overall vitality and vibrancy.

Following development of the Masterplan, Ceredigion Council published development plans for major sites allocated within the town. These set out visions for the sites and provided overviews of practical development considerations. The Council has been proactive in promoting and facilitating development on allocated development sites in order to ensure the best economic and regeneration outcomes for the town centre.



Aberystwyth's economy is affected by several local influences. Its large student population masks the area's affluence; whilst its geographical isolation has limited the extent to which the local economy and employment has been affected by national trends. The town's occupational structure is influenced largely by public administration, the tourist industry and University with a high proportion of people employed in professional, sales/customer service and elementary

occupations. The public sector, alongside retail and accommodation/food are major employing sectors.

Within the town, there has been some decentralisation of employment. New Council offices, a hotel and pub and expansion of the University's facilities (e.g. student accommodation and business centre) have all been located in out of centre locations. Local stakeholders have also questioned the rationale in developing a number of town centre sites for uses which have not generated high footfall; whilst other major footfall generators, such as the local authority, have been moved out of the town.

Due to its geographical location, Aberystwyth has very little retail competition from the surrounding area. The town is the principal shopping and service centre for a wide geographical catchment and retains a high proportion of local retail spending, with the main out of centre competition from the Parc-Y-Lyn out-of-town retail park. Parc Y Lyn includes a supermarket which provides the main convenience shopping for the town, and a small number of bulky goods retailers. To date therefore, Aberystwyth has been able to retain a strong retail function within its primary retail core.

Aberystwyth's retail sector provides a good retail mix. The town has an attractive retail environment with character properties, the seafront and harbour locations. The built environment has recently been supported by the receipt of grant assistance (Strategic Regeneration Area funds) from Welsh Government to support regeneration in the town centre. This funding has also been used to provide gap funding for new developments

within the town centre. Retailers in the town are reported to perform well and in some cases are over-trading.

Unlike other towns of a similar size, Aberystwyth does not have a focused prime retail core – prime rental levels occur in various locations across the town and there is a good mix of national multiples and independent traders. Proposals for a Business Improvement District are being considered, which could add further to the centre's prospects.

There has been on-going interest from retailers unrepresented in the town to identify viable sites but the centre has few larger units. A CACI retail study in 2007 highlighted the lack of an anchor variety store. Although there has been some pressure for out of centre sites, Aberystwyth has been able to resist this and the Council has allocated a number of sites within the town centre boundary for development which they have actively promoted, including to address the identified deficiency in variety store provision.

Mill Street Development

The Mill Street site is located within the town centre boundary 200m from the primary retail core. With Aberystwyth experiencing demand for retail development and capacity for growth in the sector, the Mill Street site was identified by the local planning authority as an opportunity to draw in additional retail expenditure and enhance overall trading performance. Ceredigion Council published a development brief for the site following which a proposal comprising a new Tesco and Marks and Spencer store was selected. In addition to the two A1 retail units, the development will include 8 residential apartments and 555 car parking spaces. It is estimated that approximately 290 FTE jobs will be created. The provision of car parking within the scheme to service the town centre as well as the development is a key aspect of the scheme.

Prior to the Mill Street development being approved an appeal to vary a condition attached to a retail unit on the Parc Y Lyn retail park to open A1 use was rejected by the Planning Inspectorate. In his decision the Inspector noted that the town centre's regeneration strategy was at a "delicate stage" and relaxing the condition would seriously undermine the delivery and implementation of the town's wider regeneration. The decision noted the importance of the Mill Street development to the regeneration of Aberystwyth and the granting of open A1 in an out of centre location would undermine the viability of the scheme which would in turn affect town centre vitality. The Council is currently considering a further application to vary a condition on an out of centre unit to enable limited food content.

By proactively encouraging and facilitating development on a key town centre site as part of a clear masterplan for the town centre, Ceredigion Council has been able to ensure that alternative out of centre proposals are effectively resisted. In the absence of an available and viable in-centre site, the ability to control out of centre retail development may have been compromised. Moreover, the Mill Street site and associated town centre masterplan, has enabled the Council to drive local regeneration and ensure that retail developments are considered within a wider regeneration and economic development context supporting 'town centre first'.

Despite retaining a large proportion of local catchment expenditure, there is some leakage to major centres as residents will travel long distances to undertake comparison shopping at Swansea, Cardiff or Cheshire Oaks. The town's lack of a major anchor store (e.g. Marks and Spencer or Debenhams) has been identified as one of the main factors

required to improve the vitality of the town centre, and the new Mill Street development is expected to address this gap.

Economic and Planning Impacts of Out of Town Development

Growth within Aberystwyth has been relatively well contained within the town centre. With use restrictions at Parc Y Lyn, the retail park has complemented the retail offer of the town centre and provided convenience retailing without creating a shopping destination which rivals the town centre. There has, however, been some other out of centre development along the main road linking Parc Y Lyn with the town centre. As well as a Next Home outlet, this development corridor has included business and public administration activities which might otherwise have generated footfall in the town centre – seven local authority offices in the town centre have been consolidated onto a single out of centre office location, taking substantial footfall from the centre.

Overall, however, Aberystwyth has managed to retain a vibrant and diverse town centre. The centre has benefited from its geographical isolation and student and tourist populations. However, it is also important to note that the town has been guided by a clear vision which supports the retention of a strong town centre in economic and regeneration terms as well as from a planning perspective. The local authority has developed good working relationships between planning and economic development colleagues and the development of a strategic vision and masterplan provides a framework within which planning decisions can be made.

The main threats to the vibrancy of Aberystwyth's retail core may be expansion of activity out of the town centre such as the development of university facilities and accommodation nearer to the university campus, which could draw footfall away from the centre. Given Ceredigion's positive approach to regeneration and development within Aberystwyth, planning policy has been an effective tool in supporting the town centre. Council Officers consider that the inherent flexibility in PPW has enabled them to tailor LDP policies to local circumstances. However, they recognised that TAN 4 is arguably out of date and that the current Use Classes Order would benefit from refinement, particularly in relation to A3 uses. There is no centre hierarchy in Ceredigion, and different policies have been adopted for the main urban centres depending on their specific contexts and needs. The current hierarchy definitions in TAN 4 were considered to be difficult to apply to rural circumstances and should be updated or revoked in favour of a more flexible approach enabling local authorities to develop policies that reflect local town and other centre roles and functions.

The ongoing pressure for bulky goods retailing around Aberystwyth has raised issues about the use of allocated employment sites. Given tight planning controls over loss of employment land there are potential issues around how such activities can be accommodated. TAN 23 seeks to resist over-allocations of employment land but consultees suggested that clearer guidance on bulky goods retail use on employment sites would be helpful. It was also suggested that clear national guidance on the application of the sequential test would be beneficial.

Conclusions and Policy Implications

Aberystwyth illustrates how centre diversity, a clear strategy and positive approach to in-centre development site provision can create the conditions for a strong town centre. The centre benefits from specific markets, such as students and tourists which support vitality and viability, but the pressure for out of centre development has required effective management. The local planning authority has successfully developed bespoke local

planning policies and welcomes the flexibility of PPW to allow complex and interrelated local issues to be addressed through local policy provisions.

An understanding of the strengths of the town centre in terms of its distinctiveness and character; and a strong commitment to preserving and enhancing this through a masterplanning process, have enabled planning decisions to be set within a broader economic development and regeneration context which takes an holistic view of town centre development. This has been further facilitated by close joint working between economic development and planning officers and proactive promotion of town centre sites for development.

Restricting out of centre development has been facilitated by the availability of viable sites within the town centre boundary and the Council taking a proactive approach to ensuring the development of these sites for the benefit of the town.

Whilst there has been a modest amount of out of centre retail development this has been restricted to bulky goods retailers and a supermarket which fulfils a local need and does not detract from the attractiveness of the town centre. New retail developments which are centrally located have been supported by local retailers as there is recognition that any development which brings people into the town or retains expenditure in the town will benefit all. The result is that independent traders are able to successfully trade alongside national multiples. The main threat to town centre vitality is from the movement of employment and public administration activities from central locations and the resulting loss of footfall in the town centre. Promoting town centre sites and a continued diversity of activity in the centre other than retail use is considered to be key to sustaining Aberystwyth's future vitality and growth.

4 Key policy issues from case studies

The case studies highlight the diversity of factors that influence the vitality and viability of town centres and the variable contexts in which retail and town centre planning policy is operating to achieve national as well as local outcomes. The dynamics of retail planning, local and national economic trends, and the commercial objectives of developers and retailers, creates a highly complex set of issues and variables that impact on the effectiveness of national and local policy on the ground. In this sense, the position in Wales is no different to other parts of the UK – individual town centres have distinctive characteristics and contextual circumstances, and the resources and capabilities available to individual local planning authorities in development management will be variable - this inevitably make the consistent application of a single set of national policy principles more challenging.

4.1 The value of a national planning policy framework

In general terms, the case studies confirm that local planning authorities value the policy framework provided by PPW – it provides an important reference point in both plan-making and decision-making in the context of retail and other development proposals with implications for established town centres. In particular, there is consistent acknowledgement of the value of the sequential test, albeit that LPAs have variable capabilities to respond to well resourced challenges from private developers and operators.

That said, issues were raised about the inconsistency of some of the language in PPW Chapter 10 and the potential for variable interpretations. In particular, it was suggested that references to ‘town centres’ and ‘centres’ more generally should be clearer and that definitions of terms such as ‘main centres’ and ‘smaller centres’ should be clarified or removed. There was no consistency of view as to whether more or less guidance at national level would be preferred but a universal view that all guidance should be precise in its language and use of terminology that could otherwise be used to undermine development management at the local level.

The case study local planning authorities inevitably pointed to the dated nature of TAN 4 and raised issues around its applicability to contemporary issues facing town centres. Specifically, issues were raised about the glossary of terms in Annex A of TAN 4 and whether it fully reflected the range of retail and service outlets now operating and the range of uses that are best suited to a town centre location to support vitality and viability.

The ‘needs-test’ is confirmed in PPW Chapter 10 and should continue to be a critical feature on retail planning policy, reinforcing the role of town and district centres as the preferred location for most retail and leisure activities. Demonstrating or challenging attempts to quantify need remains an inconsistent process and may benefit from clearer methodologies that can be agreed between local planning authorities and developers. PPW Chapter 10 could provide clearer guidelines on the approach to quantification and the Welsh Government’s approach to key assumptions.

4.2 Controlling out of centre development

The CACI data confirms the extent to which out of centre retailing has become a feature of the Welsh economy. The Llanelli and Newport case studies illustrate the challenges faced by town centres in competing with major out of centre comparison retail facilities which have grown disproportionately in relation to neighbouring centres and have become a foci for operators that, from a planning perspective, should preferably be

located in-centre. For centres which are suffering from the wider effects of structural economic change, the impact of out of centre facilities can lead to potentially irreversible damage to the vitality and viability of centres. In these circumstances, the benefits of a clear strategy to promote new investment in the town centre is clear, but this needs to reflect new roles and functions that are realistic and achievable.

The importance of effective controls both on the establishment and future growth / change of such centres was reflected in challenges faced by Llanelli and Newport, and to a lesser extent Aberystwyth – in the latter case the occupancy controls on out of centre retail uses had been effective but the drift of other footfall drivers, such as public administration, has not been subject to similar control. For Llanelli, the effect of out of centre development on the role of the town centre has been severe, and points to the need for an effective strategy to promote alternative uses, including local service provision, leisure and local enterprise facilities to drive a new purpose for the town centre that can complement the now dominant out of town retail offer.

The need for additional guidance on the application of the sequential test, and the factors on which the suitability of sites should be judged when faced with out of centre proposals, was a key issue raised by Officers in most of the case studies. In addition, guidance on the use of controls over changes of use and the introduction of mezzanine floors was felt to be a matter for some national planning policy consideration.

PPW Chapter 10 provides clear guidance on the approach to be taken in respect of edge and out of centre retail development. However, some of the references in the policy could be clarified, such as the reference to ‘smaller towns’ in paragraph 10.3.8 and ‘town centres’ in paragraph 10.3.12, which lack definition and could be open to interpretation.

4.3 Maximising benefits from edge and out of centre provision

There was general recognition that some, well controlled out of centre retail provision could bring benefit to local consumers. For Llanelli, in particular, the retail park had enabled retailers to be retained or attracted to the area that would not otherwise be represented.

Moreover, in cases where there was a demonstrable need for additional retail provision that could not be accommodated in the town centre, out of centre development had brought real improvements in terms of access to modern retailing formats. In Ruthin, the major edge of centre foodstore was considered to have reinforced the town centre without compromising its historic character nor leading directly to town centre closures and supported the town centre’s growing role as a focus for more specialised independent retail provision. Proposals for edge of centre development in Aberystwyth is offering the potential to secure a new variety store for which there is an acknowledged need but cannot be accommodated in the town centre. Importantly, both this scheme and the foodstore in Ruthin provide a significant supply of new car parking which can serve both the new facility and the town centre, bringing mutual advantage.

PPW Chapter 10 recognises some of the challenges and risks associated with planning controls over edge and out of centre retail developments which may seek to change their formats and range of goods through sub-division, mezzanine extensions etc. This latter issue is one that has been addressed in the English planning system through regulations introduced in 2006 requiring planning permission to be sought for additional floorspace for the retail sale of goods. Further consideration should be given to such controls in Wales.

4.4 Centre definitions and challenges

For the most part, the case study LPAs have developed locally-based hierarchies for centres that broadly reflect the centre typologies in TAN 4. However, some had added nuances to definitions and typologies to reflect local circumstances, such as the distinction between 'principal centres' to reflect the concentration of higher order functions in some town centres. This draws into question the value of a having a national set of centre typologies and definitions as set out in TAN 4 given that such definitions can be difficult to align to local characteristics and roles.

Specifically, the terminology used in the definitions in of centre types in TAN 4 was considered to be imprecise and, in some cases, open to interpretations that could undermine local development management. The example of Newport Retail Park is particularly stark in this respect, where the inclusion of 'suburban district centres' within the definition of 'town centres' has led to a significant challenge by the owners / operators to the interpretation of local retail planning policies.

There was general support amongst case study local authorities for an early review of the TAN 4 centre definitions and consideration of whether it is appropriate for national policy to set out a generic hierarchy of centre types when the variety and distinctions between centres at the local level is so extensive and should therefore be left to Local Development Plans.

Similar issues arise in respect of PPW Chapter 10 which variably uses terms such as 'town centres', 'shopping centres', 'urban centres', 'established centres', 'existing centres'...etc.. This range of terminology could be tightened in policy statements to ensure clarity.

4.5 Benefits of a plan-led approach

Continued confirmation in national planning policy of the primacy of the development plan in the development management process was supported by all of the case study locations.

In Aberystwyth, the role of a supplementary masterplan, linking planning policies with wider economic development objectives had been effective at a number of levels, not least in galvanising widespread community support for a town vision or 'Place Plan' and creating a coherent, evidence-based strategy for the town which has material weight in planning decisions. The masterplan has led to the allocation of a major and demonstrably deliverable retail development site on the edge of the town centre which has enabled the local authority to proactively promote an appropriate development scheme rather than simply react to proposals. Critically, the masterplan and the proposed scheme has been material in resisting potentially harmful out of centre development on the grounds that it could prejudice delivery of the plan-led strategy for the town.

4.6 Links between planning and economic development policy

The benefits of setting planning policy for town centres in the wider context of economic development and growth promotion was widely recognised in the case studies. This encompasses the definition of clear and distinctive economic roles for individual centres within area hierarchies but also reinforcing the role of town centres as the most appropriate location for most office-based employment sectors. This ensures that major footfall drivers are concentrated in town centres thus ensuring a critical mass of activity and spend power to support wider town centre retail, community and service functions.

Concern was expressed that some economic development policies had led to the decentralisation of business activities, and that national policy directed at 'town centre first' should be reinforced as being applicable to a wide range of land uses not just retail and leisure. While TAN 23 'Economic Development' deals principally with 'B' Use Classes, it reaffirms the economic role of retailing and town centres.

4.7 Implications of the current Use Classes Order

In most of the case studies, local planning authorities are following the PPW guidance in defining primary and secondary areas within individual town centres. Within primary areas, local policies are seeking to preserve A1 retail as the dominant use, to varying degrees of success. In some town centres, particularly larger centres, such distinctions are considered by local planning authorities to have value on the basis that retail functions offer the best prospect of supporting centre vitality and viability. But as centres have evolved, particularly in cases such as Llanelli where demand for in-centre retail space is comparatively low, the value of such distinctions and the levels of control over changes of use to non-retail use may be questionable. Non-retail uses that generate footfall in the town centre may be more beneficial to centre vitality than leaving a retail unit vacant in a primary area, particularly where vacancy rates are high and retail demand is low. Thus, the definition of primary retail areas and consequent restrictions on changes of use away from A1 retail could be serving to undermine centre vitality and viability in some cases.

One of the reasons cited in case studies for restricting changes of use from A1 retail to A3 use was the fear of a proliferation of hot food takeaways and the social and environmental consequences on future town centre vitality and viability. It was acknowledged that good quality restaurants and coffee shops can add to centre vitality and viability, complement retail activity by increasing shopper dwell time and offer 'third place' opportunities for business activity (remote working using Wi-Fi connectivity) and thus benefit the economic role of town centres.

In Ruthin and Llangefni the local authorities have sought to reinforce the role of the town centres as a focus for tourism and has promoted higher quality food and drink outlets, but there is concern that changes of use to A3 could lead to unacceptable increases in hot food takeaways. The lack of any distinction in the A3 definition in the current Use Classes Order between restaurants, for consumption of food and drink on the premises, and takeaways, is regarded as a key policy issue – local planning authorities lack the controls to limit subsequent changes of operators within A3 uses. This has been addressed in the revised Use Classes Order in England which has introduced A4 and A5 uses to enable distinctions to be made between different operational models for food and drink related uses. The case study local authorities were generally supportive of introducing a similar approach in Wales.

Changes of use from retail to non-retail uses such as residential was raised by a number of consultees as a means of increasing footfall in town centres and adding to vitality and viability of centres. The potential for some town centres to have a surplus of retail and other commercial property that is unlikely to secure future retail or leisure use should be recognised and a positive approach to residential uses considered in appropriate circumstances. The drive for town / city centre living has become a key element of town centre regeneration in many English centres which should feature in future plans for centres in Wales. Densification of residential use in and on the edge of town centres can have an important supporting effect on the trading potential of many towns seeking to revitalise their offer.

4.8 Overview

The case studies have provided an opportunity to review how national planning policy provisions are playing out at the local level. While the range of case studies is limited, they serve to point up a number of key areas where adjustments to national planning policy statements could more effectively support the delivery of planning objectives for retailing and town centres or where potential policy 'loopholes' could be closed down.

Perhaps critically, they indicate that the effects of retail and other developments on town centres depend to a major extent on the wider economic circumstances of individual centres and therefore blanket presumptions that out of centre retail development will harm town centre vitality and viability would be inappropriate. There is wide recognition that Welsh town centres will change and that, in many cases, those changes may be irreversible. The pace of change in consumer behaviour is rapid and the ability of planning policy to keep pace is inevitably limited. Moreover, the skills and capacity of many smaller local authorities faced with complex retail development proposals promoted by well resourced developers and experienced consultancy teams has become an increasing issue as local authority staffing levels have been scaled back post-recession.

The importance of viewing town centre futures through a wider lens of economic and community development is widely acknowledged – where economic and planning policies have been brought together to create long term visions / 'Place Plans', these have typically been effective in creating the conditions where greater influence and control can be exerted through plan-making and development management.

The case studies provide useful 'bottom-up' evidence on the areas of current national planning policy that could benefit from review and revision. The following section seeks to review some of the wider thinking and analysis of town centre futures at the UK level as a 'top-down' context for identifying some specific recommendations on how Welsh national planning policies should be framed moving forward.

5 Retail sector and town centre futures

5.1 Introduction

Retail is an important sector of the national economy. It is a major employer, accounting for over 11% of the Welsh workforce. It is a particularly important employer of people who may be otherwise excluded from the labour market. Retail accounts for 8.7% of total UK output and 9% of VAT registered businesses (Grimsey, 2013). In the past, the sector has often been overlooked for public sector support. However, the increased vulnerability and decline of some high streets – alongside a renewed interest in cities and towns as drivers of economic growth – has sparked greater interest and debate on the fortunes of the sector and the future of retail.

Changes in the location and means of shopping have seen a fundamental shift in the nature of retailing in the UK. The economic downturn and reduced consumer spending have further exacerbated town centre problems, at a time when budget cuts have left little funding for public sector intervention. Greater competition and reduced consumer spending have forced retailers to cut costs by downsizing their store portfolios and by targeting prime retail destinations in large centres and out-of-town locations.

These trends have had a significant impact, particularly on small to medium-sized town centres. This has sparked much debate amongst practitioners and policymakers on the continued viability of town centres (DTCPT, 2013; Grimsey, 2012; Portas, 2011). However, town centres are very diverse and they respond to structural economic changes differently. The challenge for national policy makers is therefore to create a common framework which can both support local diversity and provide a strong strategic vision for modern town centres.

5.2 Key trends within the UK retail sector

In the period through the late 1990's and up to the 2008 recession there was an increase in retail expenditure supported by a growing population, strong consumer confidence, and readily available credit. Throughout this retail boom period, many national retail chains sought to increase their profile and market share by expanding their physical presence. The effect was often an increase in town centre rents, thereby squeezing independent retailers out of prime shopping locations.

Demand for larger format, purpose-built stores has increased, in order to accommodate this growth and capitalise on increased expenditure. As a result much of the recent growth in retail has been being focused in out-of-town locations. Between 2000 and 2009, there was a reduction of 15,000 in the number of town centre stores as retailers moved to more profitable out-of-town locations (BIS, 2011).

The decline of town centre stores has also been driven by other developments. Shopping habits have changed as time-strapped consumers seek more convenient shopping locations – easily accessible by car and offering free parking. Consumers increasingly tend to take fewer but longer shopping trips – often away from local centres. This has concentrated retail activity within larger centres and out-of-centre destinations.

Smaller retailers – once a dominant force on the high street – have struggled to cope with the increased competition created by the proliferation of national retail brands in town centres across the country. Many independent and smaller retailers have been priced out

of primary shopping areas in town centres, leading to an increasingly homogenous retail offer in these places.

The Challenges Facing Town Centres

- Town centre spending has dropped from almost half of total spending to just under 40% over the last decade. This trend is set to continue.
- The impacts of a reduction in town centre spending have been felt most in middle ranking and smaller towns.
- Town centre floorspace fell by approximately 14% over the last decade whilst out of centre floorspace grew by approximately 23% over the same period.
- Nationally, 14.6% of town centre shops are vacant.
- 2012 was the first year in three decades that no significant new town centre scheme opened.
- The UK is Europe's leading e-retail economy

From GVA (2012) "Unlocking Town Centre Retail Developments"

The internet has clearly been one of the major transforming forces in the retail sector. In the period of retail boom it enabled new businesses to enter the market and existing retailers to increase their market shares and facilitate new ways of shopping. As the economic downturn has hit consumer spending and retailers have reduced their property portfolios, multichannel retailing has provided an alternative route to market.

The increase in Internet sales accounted for nearly half of all retail sales growth in the UK between 2003 and 2010 (Portas, 2011). The volume of sales over mobile devices is also increasing. Looking to the future, it is estimated that online retailing will take 21.5% of the total retail market by 2018 and 24.5% by 2020. This trend has been identified as representing a permanent structural change in consumer spending patterns (DTCPT, 2013). One of the few potential inhibitors could be the shortage of warehouse space and logistics of delivering the expected volume of stock (Centre for Retail Research, 2013).

A Networked High Street

- Over the last 5 years online sales have increased by 222%
- New 4G technology is creating a new online experience for consumers
- The introduction of same day delivery is increasing the appeal of online retailing
- Despite a slow start, food retailers are expanding their online presence
- New credit features for online purchases (PayLater and Bill Me Later) will increase the attractiveness of online retailing
- eBay and similar sites are providing easy entry into retailing for many independent retail businesses
- Social shopping is increasing as social media sites increase their online-to-retail conversions and people who once looked to towns as social meeting places increasingly socialise online.

From Grimsey (2013) "The Grimsey Review: An Alternative Future for the High Street"

There are a range of views on the effect of the online retail boom. Whilst some commentators suggest it signals the end of shops, others believe it will merely separate the wheat from the chaff, resulting in a smarter and more efficient retail sector.

The Centre for Retail Research's *Retail Futures* report (2013) presents a more nuanced view. It suggests that many of the current retail trends (creating more voids and store closures), are part of the normal evolution and transformation of the sector; but that the process is highly visible because it involves major national multiples and is occurring within a short space of time as retailers quickly adjust to a new trading environment. Whilst there is on-going churn within the independent retail sector, this is less noticeable as change tends to occur gradually over time. The closure of less profitable stores by major retailers however can result in large scale losses – 60 stores closed in one year as Arcadia reduced their store numbers, and 90 units being lost as Stead and Simpson did likewise.

In other cases, rather than reduce overall store numbers, retailers have reviewed their store formats resulting in more sub-division of large units and the inclusion of concessions to make space more productive. Not all of these trends represent an absolute decline within the retail sector however, but rather a re-sizing and rebalancing of the sector. There have, for instance, also been a number of new retailers entering the market, and some online stores (for example Simply Be, Hotel Chocolate, Amazon and Screwfix) have begun developing a physical presence.

With town centres already vulnerable to retail decentralisation during this growth period, the economic recession and reduced consumer spending, has been a further blow leading to stagnation and decline of some town centres. Many national high street retailers have closed or reduced their physical presence (tending to favour retention of larger units within major shopping destinations and large centres). This has reduced footfall within town centres leading to a spiral of decline evidenced by rising vacancy rates. Since 2006, 9.2% of all retail stores have closed; the average store vacancy rate has increased to 14.2% (2012) from 5.4% (2008); business failure rates have tripled since the mid-2000s; and, 148 large/medium scale retailers have gone into administration (including Woolworths, borders, JD Sport, Comet, Habitat, MFI) (Centre for Retail Research, 2013). Although store closures are a normal element of retailing, it is the speed of change over recent years that has resulted in a significant proportion of town centre units now left vacant as the recession has coincided with the rapid growth in online sales.

5.3 Changing geography and the implications for policy

With the retail sector in a period of evolution, the concern for public policy makers and planners is how best to manage the spatial and subsequent economic impacts of this shift. The 2013 Grimsey report argued that whilst out-of-town and online retailing had successfully adapted to meet changing consumer demands, traditional town centres had failed to innovate. The high costs associated with a town centre presence (in rent and business rates²¹) compared to online and out of centre locations has not facilitated the retention of retailing in central locations; and, as the geography of retail shifts, town centres are struggling to compete and develop new roles/functions.

²¹ Business rates growth over 5 years was 22.5% whilst bricks and mortar retail sales growth was 11.4% (Grimsey, 2013)

The Changing Offer of Town Centres

- Between 2009 and 2012 comparison goods has seen a significant decline in town centre locations
- Value-related retailing in town centres has increased (e.g. charity shops, discount shops)
- Pawnbrokers, pay-day lenders and betting shops have increased in town centres
- Convenience retailing in town centres has increased driven by the interest of major brands increasing small-format stores as well as independent retailer growth.
- Health and beauty businesses have increased in town centres.

From Grimsey (2013) "The Grimsey Review. An Alternative Future for the High Street"

The 2013 report of the Distressed Town Centre Property Taskforce, *Beyond Retail* (DTCPT) concludes that town centres in general have become too reliant upon the retail sector, and that many town centres now have too much retail floorspace.

This echoes research undertaken by Centre for Cities (2013) which argues that to date too much attention has been placed on the fortunes of the retail sector without understanding how this is connected to the performance of the economy as a whole and the role/function of our cities. The research calls for a refocusing of policy on jobs and cities rather than retail and high streets. As retail relies on footfall to create a market, it is secondary to what goes on in a city centre. As such, a poorly performing retail sector is a symptom of an underperforming city rather than the cause of it.

The analysis behind the report's conclusions has focused on the changing location of jobs in cities. Jobs have tended to become more concentrated in larger cities (due to the growth of sectors preferring a city centre location), thereby enhancing their overall vitality, but more decentralised in smaller and medium sized centres which has reduced footfall and vibrancy. At the same time, the report acknowledged a conflict between town centres first planning policy and some economic development policies which have moved employment away from central locations e.g. Enterprise Zones (EZ), public sector offices, universities and hospitals where these have been located in out-of-town locations. In Wales such issues have been addressed by targeting specific industrial sectors not typically found in town centres (with the exception of the Cardiff EZ which is located in the city centre and is targeting financial and professional services).

The impact of the internet and the need for cost reduction as retail expenditure has contracted has led many retailers to consolidate their store portfolios and focus on prime locations rather than a presence in every high street.

"This new model greatly reduces the operating costs for retailers, but accelerates the migration of retailing towards the bigger centres, where larger footprint stores can be accommodated. In many towns these requirements simply cannot be met without significant redevelopment of the existing stock. Where retailers cannot see this happening they are looking at out-of-centres sites to fulfil requirements" (GVA, 2012, p.5).

As such Centre for Cities (2013) recommend a move towards consideration of the city centre economy and business environment as a whole, and for smaller cities to give greater consideration to their unique character and assets rather than seeking to replicate large cities. It notes that in some instances where jobs have been decentralising, centres

have not stagnated due to other factors which have retained footfall e.g. Oxford, Cambridge and York which have benefitted from tourist and student populations. Building economic capital in central locations is therefore identified as paramount; rather than a strategy based purely on retail and social capital as advocated by Portas.

The Centre for Cities report questions the effectiveness of the town centre first policy suggesting that, “policy should not be about restricting choice. Instead of looking to create barriers to growth elsewhere in a city, which could reduce overall investment in a city, it should look to remove barriers to growth in city centres for the benefit of the city economy overall” (Centre for Cities, 2013, p.5).

Academic research by the Spatial Economics Research Centre (SERC) has also questioned the effectiveness of town centre first policy due to its effect on lowering productivity (Total Factor Productivity) by; restricting the total availability of land for retail (thereby increasing space costs); directly limiting store size; and concentrating retail development on specific (and often less productive) central locations. As a policy it has ignored other dominant trends and changes since its introduction such as the decentralisation of housing leading to an increase in the distance between households and retailers where these are centrally located. The policy is also argued to be out of date in that it has ignored rising energy costs, evolution of thinking regarding sustainable development and the importance of a low carbon economy. Whilst the original ambition of town centres first was to promote sustainable development by allowing access to retail via public transport, the SERC research concludes that by forcing retailers into smaller and less efficient town centre units which require regular restocking and are more difficult to reach from the motorway network, energy use by the sector has increased as the logistics associated with store operation are less energy efficient.

The need to understand wider changes in society and the economy was highlighted in a 2005 report by the Town and Country Planning Association (TCPA). The TCPA suggested that successful planning policy should be based on a shared vision for a town and an understanding that not all centres need to have a dominant retail function. Instead centres should consider their role and function within a wider cluster of centres. As shopping patterns change, planning also needs to change and adopt a better appreciation of how the retail sector is used and integrated into people's lives. Planning policy should facilitate the management of decline and transformation within the retail sector e.g. by using existing out of centre developments as anchors for new settlements by increasing neighbouring housing and employment.

A challenge for policy makers is developing a national policy and approach towards town centres which recognises the complexity and diversity of their economies. GVA Grimley and Accessible Retailing's study into the impacts of out of centre retailing on town centres guarded against seeking to over-simplify the issues affecting town centres. Out-of-town retail development has been just one of many trends affecting town centres, and impacts have varied depending on scale, type, location and speed of development; with some centres better placed to absorb out-of-town development than others. Whilst national planning policy has sought to restrict out of centre development, in some case where development has fulfilled a recognised need and has been complementary to the town centre offer, out of centre development has not had a negative impact. The report also argues that it would have been unacceptable for all retail growth to have been located in central locations. Like the TCPA (2005) research, the GVA Grimley (2010) report calls for proactive management of change rather than restriction; and this should include appropriately managed out-of-town development. Analysis of a number of case study areas drew out the following key conclusions:

- A lack of proactive investment in town centres will exacerbate the negative impacts of retail decentralisation.

- Scale of out of centre development is an important consideration as some areas are better able to absorb the same level of out of centre development.
- Where out-of-town development has focused on bulky goods, this has complemented wider town centre retailing.
- Timing is an important consideration. Where out of centre developments have taken place in a very buoyant economy, their impact has been less than in times of recession.
- Overtime, un-restricted A1 out of centre development will affect a town centre. But this trend can be addressed through targeted investment and proactive management of town centres.

5.4 Property dimensions

The Property dimension of the retail sector is an important consideration for policy makers. Billions of pounds are invested in retail property by pension funds and investment companies (Centre for Retail Research, 2013). The current town centres first policy gives investors confidence to invest in town centres, and any relaxation of this may have an immediate and significant impact on investor confidence. A town centre first policy may be important to secure investment in town centres. With demand for larger, modern retail units which tend to favour out-of-town locations or large town centre schemes, relaxation of the policy would change investor's decision making overnight and increase pressure for out-of-town development (BCSC, 2006). Reduced demand for town centre retail units would lead to falling property prices which could in turn have a significant impact on property assets for many years. This would also suggest any relaxation of policy regarding existing out-of-town developments would also need to be controlled in order to prevent further leakage to out-of-town locations. The growth of hypermarkets for instance could increase the departure of non-food shopping from town centres (BCSC, 2006).

BCSC's research suggests there are clear links between the application of planning policy and investment in town centres. It suggests that where the principle of town centres first has been firmly applied in England, investors have had the confidence to invest in large scale city centre developments e.g. the Bullring in Birmingham. However in Scotland where needs testing has not been as firmly applied, there has been a large amount of out-of-town floorspace developed (BCSC, 2006). Town centre first is therefore an important policy lever in guiding investment into town centres. Whilst this has been successful in larger centres where wider investment has also been focused within central location, smaller and medium sized settlements have been less successful. BCSC suggest that moving forward smaller centres will need to look for a new economic role, but will need policy continuity to attract investors willing to take on restructuring of these centres.

"Small towns will do best by developing a local vision and repositioning themselves, whilst some will have to accept that they have little retail future" (BCSC, 2006, p41)

A survey of local authorities undertaken by GVA (2012) found that the development pipeline in town centres had effectively halted as rental and capital values in town centres had declined, finance had become more difficult to obtain and occupier demands had changed. Development has clearly become less viable in a significant proportion of town centres as the retail market has undergone "fundamental changes". Kick-starting investment in towns will be an important step towards reviving town centres.

The property needs and strategies of retailers have had a significant influence on the changing geography of the retail sector and the fortunes of town centres. Major retailer's

property strategies have focused on consolidating operations into large format, more efficient stores in key locations accessible to core catchments. These requirements often cannot be accommodated in many town centres, particularly without significant redevelopment of the existing stock.

Some centres are therefore in a situation where careful consideration now needs to be given to the market potential to recapture significant retail expenditure. Research by GVA suggests that, “some towns are simply over-shopped, and/or unlikely to capture the interest of the major multiples. In these cases, LPAs may need to put plans in place to consolidate the retail core of the town centre, and allow more A2 and A3 uses and/or change of use to leisure, residential and community uses”.

The Role of Development Briefs in Securing Town Centre Investment

“The production of site-specific planning and/or development briefs can serve to promote town centre development by distilling policy parameters in the context of market realities and the broader aspirations of local decision makers. This provides the visibility and certainty to the development industry, de-risking the planning process and removing barriers to investment. Such briefs effectively bridge the gap between the development plan and a planning application.....Given town centre development is often complex, such plans can be vital both in unpicking key issues and optimising the development opportunity. When produced in partnership with the private sector, they also perform the vital function of aligning public and private sector interests”.

From GVA (2012) “Unlocking Town Centre Retail Developments”

5.5 Looking ahead

The continued relevance of the high street/town centres for retailing is the subject of much debate and disagreement. Some argue that town centres no longer meet the needs of the modern consumer and therefore are no longer viable; whilst others suggest the decline of town centres has been over-exaggerated (Grimsey, 2012; Colliers, 2010). Others take a more pragmatic view that whilst some will continue to thrive, others will need to consider an alternative future (Centre for Retail Research, 2013).

Consideration will need to be given as to whether retail spaces need to shrink, and the types of services, businesses or property which will expand into former retail areas. Retail may no longer be the dominant feature within all town centres, and a much broader view of town centre uses and businesses may need to be adopted, including residential uses. A more holistic approach to town centre development may include consideration of public realm, safety, accessibility, marketing and the preservation of character and architectural features to create the right conditions for investment.

The case study analysis clearly demonstrates that town centres’ experiences of out of centre development and shifts in the retail sector are diverse. Whilst some areas have successfully managed change and have retained a vibrant centre; others have been overtaken by the pace of change and are now facing a radical rethink of the town centre’s future direction and function.

It is clear that the evolution of the retail sector will continue as new technology emerges and retailers continue to adapt to changing consumer preferences and lifestyles. Experian expect m-commerce (the use of mobile technology to shop) to become an increasingly important means for consumers to research and buy goods and services and interact with businesses. Consumers are becoming far more savvy in searching for best value products and services and may no longer rely on one retail destination for all their consumer needs. With modern consumers typically time poor and value driven,

convenient, easily accessible shopping destinations which offer choice and variety will be preferred over unattractive and struggling town centre locations.

“Internet shopping can now be conducted almost anywhere, offering consumers the undeniable benefits of choice, convenience and price. This poses a significant competitive threat to traditional retail destinations.” (Experian, 2012 “Town Centre Futures 2020” pg. 17)

The experiences of the case study areas reiterate that the changes which have occurred are part of a wider structural as well as a social and cultural change rather than a short term response to the recession and reduced spending power. Towns will therefore need to take a long term perspective when considering their future and the potential for creating a vibrant centre and retail core.

The use of social media and its potential impact on the retail sector is a relatively new area of investigation and is not yet fully understood. The rise of Groupon, Wowcher and similar daily deal sites which support group purchasing of goods and services is growing in popularity; and retailers are increasingly using social media as a marketing tool and to engage customers in product development.

Traditional bricks and mortar retailers are however engaging with new technology and are integrating the convenience of online retailing with the provision of an offline shopping experience. Town centre shops can provide customers with personal interaction and a superior shopping “experience” by using technology and strong customer service to make their shops more exciting, entertaining and emotionally engaging. Apple Stores are frequently quoted pioneers of this approach; successfully creating an offline retail experience where customers can interact with the product and staff, despite electrical goods being one of the main items frequently bought online. By integrating on and offline retailing, shops are however reducing the size of their floorspace.

“Leading companies are shrinking square footage and instead allocating investment and innovation dollars toward brick and mortar business models that create a superior shopping “experience”. (KPMG, 2013 “Retail Industry Outlook Survey” pg5)

Whilst not technology driven, Ruthin provides a good example of where a town centre has survived due to its ability to offer a different retail experience driven by independent retailers and preservation of its historic built environment. An ability to differentiate itself from other centres has been an important feature of Ruthin’s survival.

With technology and other influences on the retail sector continuing to change and evolve, it is clear that town centres will also need to adapt; becoming more flexible, more actively managed and more open to new roles and functions.

The publication of the findings of the National Assembly for Wales Enterprise and Business Committee on the regeneration of town centres demonstrates Welsh policymakers’ recognition of the importance of town centres to the economy and an appreciation of the challenges they face. Importantly the report highlights the need for Government to create the right conditions to attract investment and engage the private sector. It encourages LDPs to see the importance of retaining footfall in town centres through the location of office and workplace developments; and also recognises that Government needs to adopt a strategically co-ordinated approach to town centres which brings together often isolated disciplines and issues. This approach clearly reflects current wider thinking on town centres and can be seen within case study areas where officers are looking to diversify the functions and businesses within their town centres as a means of increasing vibrancy and attracting new investment.

“there should be an “extended menu” for town centres so that they not only provide retail opportunities, but a diverse mix of uses, including healthcare, culture, leisure, learning,

*working, living and flexible public spaces” (National Assembly for Wales, 2012
“Regeneration of Town Centres” pg10)*

Moving forward, planning will continue to play a key role in determining the future of town centres. In line with case study findings, the Enterprise and Business Committee report highlights the difficulty created by an inability to restrict mezzanine floorspace, and the need for greater refinement of the Use Classes Order. It also identifies the difficulties experienced by local planners in preventing out-of-town developments and challenging planning consultants and well-resourced applicants seeking loopholes and ambiguities within what are essentially broad planning policy statements which have to enable and facilitate as well as restrict proposed development.

6 Towards a revised policy framework

The changes occurring in the retail sector are having profound implications for the future of town centres across Wales. The challenge for the planning system is to keep pace with these changes and secure the Welsh Government's objective to '*secure accessible, efficient, competitive and innovative retail provision for all the communities of Wales....*'. Despite the operation of a 'town centres first' approach in national and local planning frameworks the evidence suggests that out of centre retail provision has become a key feature of the Welsh retail landscape and this position is unlikely to change as consumers seek to maximise convenience and accessibility as drivers of shopping behaviour.

The impact of out of town provision on established centres has been variable, as reflected in the case studies. At one level, the combination of the 'need' and 'sequential' tests embedded in national planning policy has acted to protect town centres from undesirable competitive effects and secured new retail investments that have benefitted local consumers. Such tests should continue to be promoted at national level but their application locally needs to be consistent and may require enhanced skills capacity, particularly in the interpretation and scrutiny of developer-led analysis of quantitative need.

At another level, where insufficient planning control has been applied to the scale, form and growth of out of centre provision there have been serious adverse consequences for the vitality and viability of established centres. That said, it remains very difficult to offer precise evidence of the causal relationship between town centre performance and out of centre provision given the wide range of other factors that will influence town centre prospects and their resilience to any competitive effects from non-centric development.

What is clear is that town centres need to adapt – the economic, commercial and technological shifts in the retail sector mean that the role of traditional high streets and the balance between retail and non-retail activities will not return to the patterns of the past. The critical challenge for the planning system is to contribute to efficient and effective 'change management' in retailing and town centres in the best interests of local communities. In many cases this will involve the encouragement of a diversity of land uses which can reinforce the vitality and viability of centres as the foci for a range of functions that can complement retailing in whatever form this may take. It also reinforces the value of town centre management as a support function alongside planning policy.

The spatial distribution of retail and town centre provision varies markedly across Wales and centres come in many shapes and sizes. The application of generic national definitions of centres and hierarchies cannot reflect this diversity of form and function and is arguably a matter for local discretion over definitions – but the value of setting a hierarchy seems clear from the case study evidence, particularly in applying the sequential test.

Town centres in Wales, as elsewhere, have always been about more than retailing. Their roles as more broadly based economic and services centres supporting area-based economic objectives is being drawn into focus by moves away from retail dominance, particularly in smaller centres – the consolidation of the multiple sector into fewer, higher order locations is being felt most acutely by medium scale market towns where new service, leisure and community functions are becoming the key drivers of vitality and viability. Planning policy for town centres needs to promote clear links to wider economic objectives, supporting employment growth and the role of centres as a focus for wide

ranging business services and enterprise opportunities that generate footfall and reinforce sustainable retail functions.

Based on the analyses undertaken for this research project, there are a number of areas where revisions and refinements to the existing national planning policy framework should be given full consideration. These are summarised below.

Consistent application of key policy tests and controls for non-centric retail development

- The impacts of major food store and other retail developments are highly variable, depending on the economic and spatial circumstances at the local level. There should be no blanket policy presumption that major edge or out of centre retail or other development will be harmful to town centre vitality and viability, but the planning tests of need and sequential location should be clear and applied consistently. Their value has been confirmed by local planning authorities and they should remain a central tenet of national planning policy for retailing and town centres.
- The application of the sequential test has resulted in some inconsistencies and challenges for local planning authorities. PPW Chapter 10 provides limited guidance on the application of the sequential test and the definition of terms such as 'uses best located in centres' would benefit from clearer expression. Developers have the resources to provide extensive evidence that schemes meet 'need' and 'sequential' tests and it can be difficult for smaller local authorities with lesser resources to contradict such evidence. More national guidance in the form of a supplementary advisory note on how local planning authorities assess whether the sequential test has been satisfied by applicants for non-centric retail and other developments would be a positive step. A central advisory resource may assist some authorities in dealing with major or contentious applications. This proposition supports proposals set out in 'Positive Planning', the Welsh Government's Consultation Paper on reform of the planning system which advocates the establishment of a national Planning Advisory and Improvement Service.
- PPW Chapter 10 confirms that regeneration and employment benefits may be material considerations in determining planning applications for retail developments. It is not clear whether this also applies to other uses such as leisure. TAN 23 provides advice on 'weighing economic benefit' in planning decisions. Additional guidance should be provided in PPW Chapter 10 on the weight to be given to 'other material considerations' and the circumstances under which factors such as jobs and economic benefits might take precedent over planning policy provisions relating to development in and out of centres. The guidance in TAN 4 and PPW needs to be clear and consistent on this issue.
- The emergence of major out of centre retail parks, some of which have limited levels of occupancy or expansion control, is key concern for some established town centres – Llanelli and Newport as cases in point. As such facilities have grown and expanded their offer; some have taken on the characteristics of town and district centres as defined in TAN 4. This can lead to challenges for local planning authorities in dealing with further proposals for development in and on the edge of such facilities. Consideration should be given to including guidance in PPW on the circumstances in which definition of established out of centre

facilities as 'district' or 'town' centres in their own right may be appropriate and how development management policies should be applied in such cases.

- The use of planning conditions to control range of goods sold, types of occupiers and the ability to extend trading floorspace through, for example mezzanine floor installations, needs to be encouraged by PPW in appropriate circumstances. Where such conditions have not been imposed through the development management process, the implications have been that out of centre schemes have grown in influence beyond that envisaged when planning permission was originally granted. Specific supplementary guidance within PPW in this regard could encourage more effective use of planning conditions by local planning authorities. Such controls have been successfully achieved in England under the Planning & Compulsory Purchase Act 2004 and associated regulations requiring planning permission for mezzanine floorspace additions for retail sales.

Summary recommendations

1. The planning tests of need and sequential location should remain a central tenet of national planning policy for retailing and town centres but the approach should be clear and applied consistently.
2. The definition of retail planning terms in PPW Chapter 10 should be clearer and more consistent.
3. Supplementary advice should be prepared on how local planning authorities should assess whether the sequential test has been satisfied by applicants for non-centric retail and other developments
4. A central advisory resource should be established to assist authorities in dealing with major or contentious applications.
5. Additional guidance should be provided in PPW Chapter 10 on the weight to be given to 'other material considerations' and the circumstances under which factors such as jobs and economic benefits might take precedent over planning policy provisions relating to development in and out of centres.
6. Consideration should be given to including guidance in PPW on the circumstances in which definition of established out of centre facilities as 'district' or 'town' centres in their own right may be appropriate.
7. Supplementary guidance should be provided in PPW Chapter 10 to encourage more effective use of planning conditions by local planning authorities to control range of goods sold, types of occupiers and the ability to extend trading floorspace through, for example mezzanine floor installations.

A more flexible approach to supporting the vitality and viability of town centres

- Footfall is the critical driver of town centre vitality and viability. Any developments which remove or inhibit footfall from a town centre may impact on viability and vitality; the application of the "town centre first" principle should extend to other uses such as business, leisure and public assembly which can support diversity

and underpin retail sector prospects. This approach is reflected in TAN 23 and cross-references in PPW Chapter 10 to the revised TAN 23 should be made to reinforce this approach.

- It is widely acknowledged that the creation of vibrant and viable centres requires diversity of use and activity. Over-emphasis on retail function alone can undermine centre prospects and create more vulnerability. Restrictions on change of use from A1 to A3 or other non-retail use may be appropriate in primary retail areas in larger centres, but in smaller centres the definition of a primary retail core may be inappropriate and act against the diversification of centres. The references in PPW Chapter 10 to distinctions between primary and secondary areas should be reviewed to indicate that a flexible approach should be taken in circumstances where this may act against the vitality and viability of the centre overall.
- The Use Classes Order provides no distinction between A3 uses to enable local planning authorities to exert control over establishments for the consumption of food and drink on or off the premises. Given that restaurant uses can add to the diversity and vibrancy of town centres, consideration should be given to reviewing the Use Classes Order to introduce A4 and A5 uses in line with policy in England. This would remove some of the concerns that local planning authorities have over changes of use from retail to non-retail use and facilitate appropriate diversification of town centres rather than leaving vacant A1 retail units vacant when demand levels are low. Preserving A1 units within town centres where there is little/no market demand will not support vibrant or viable centres. Flexibility to expand or contract the primary retail core and change use to attract investment and diversify the business base is critical, particularly within vulnerable or declining centres.
- The use of Local Development Orders could facilitate more positive approaches to town centre diversification. Recent analysis on behalf of the Welsh Government, including a range of case studies some of which are town centres, has concluded that in the right circumstances LDOs that increase change of use flexibility can help to make places more commercially attractive and more competitive. Such flexibility might also align to the culture change being promoted by 'Positive Planning', the consultation document on the reform of the Welsh planning system, which is advocating that planning should be repositioned as a tool to manage change rather than being simply a regulatory activity. The promotion of LDOs as an option in support of town centre regeneration should be specifically referenced in PPW Chapter 10.

Summary recommendations

8. The application of the "town centre first" principle should extend to other uses such as business, leisure and assembly which can support diversity and underpin retail sector prospects.
9. Distinctions between primary and secondary areas of town centres in PPW Chapter 10 should be reviewed to indicate that a flexible approach should be taken to change of use from retail in appropriate circumstances.
10. Consideration should be given to reviewing the Use Classes Order to introduce A4 and A5 uses in line with policy in England.
11. The promotion of LDOs as an option in support of town centre regeneration should be specifically referenced in PPW Chapter 10.

A more locally-driven approach to centre definitions and hierarchies

- The definition of centre typologies and retail locations in TAN 4 has led to loopholes in the application of the sequential test – Newport Retail Park is a case in point. This specific issue relates to the inclusion of the reference to district centres with the TAN 4 definition of ‘town centres’. This could be addressed through a minor change in the wording of TAN 4. However, at a wider level the currency of TAN 4, particularly in terms of definitions relating to retail hierarchy and its relevance to new forms of town centre / retail activities emerging since its publication in 1996, limits its credibility as a policy statement. A less prescriptive approach at national policy level, providing a broad strategic guidance framework would enable more bespoke policy approaches to be developed at local level that reflect the diversity and distinctiveness of town centres and their catchments. Consideration should therefore be given to the deletion of the types of centre from TAN 4, leaving the definition of centre types and hierarchies to local planning authorities reflecting the spatial and economic dynamics of their areas and the distinctive characteristics of centres.
- The references and language in PPW Chapter 10 relating to ‘town centres’, ‘centres’, ‘smaller centres’, ‘larger centres’ etc, and the range of policy provisions that relate to these terms lacks consistency and clarity. The narrative requires a thorough review to ensure that tests that apply differentially to alternative designations are clear and unambiguous. The language needs to be more precise given the propensity for any lack of clarity to weaken the credibility and robustness of any objections to development on national retail planning policy grounds. Given the interaction between PPW Chapter 10 and TAN 4, the lack of clarity in the definition of town centres and district centres in TAN 4 has reciprocal implications for the interpretation of PPW where it makes reference to these typologies.

Summary recommendations

12. Consideration should be given to the deletion of the types of centre from TAN 4, leaving the definition of centre types and hierarchies to local planning authorities.
13. The terminologies in PPW Chapter 10 requires a thorough review to ensure that the language is more precise and that planning tests are clear and unambiguous.

Integrating town centre and retail planning policy with national and local economic strategy

- The value attached to town centres as economic drivers and contributors to national economic growth objectives is recognised in TAN 23 and should be re-affirmed in PPW Chapter 10. TAN 23 highlights the value of 'economic visions' in setting the direction for places and PPW should make specific references to such approaches for town centres as part of supplementary planning guidance to Local Development Plans. Reinforcement of town centres as the preferred location for a range of economic activities supporting employment growth and area competitiveness should be reflected in PPW Chapter 10 in the context of shifts in economic activities to out of centre locations, e.g. development containing uses that could otherwise support town centre vitality should be directed to centric locations, and be subject to sequential testing.
- Town centres policy should align or form part of wider economic development strategies so that planning decisions are taken within the context of a clear and realistic strategic vision for the future role and function of settlements and centres, bringing together wider economic development, regeneration and social considerations. The TAN 23 reference to economic visions support this principle. The preparation of 'Place Plans' through collaboration between local planning authorities and town / community councils is advocated in 'Positive Planning'. This principle should be reflected in PPW Chapter 10 as part of the strategy setting process for town centres. Such plans could combine the visioning and objective setting functions of an economic strategy / masterplan with the regulatory and development management provisions of LDP policies and wider aspects of town centre management and governance. This could add weight to planning policies seeking to promote town centre vitality and viability and resist proposals that threaten the future role and function of centres as economic drivers.

Summary recommendations

14. PPW Chapter 10 should reinforce the role of town centres in supporting employment growth and area competitiveness in line with TAN 23.
15. Town centres policy should align or form part of wider economic development strategies and 'Place Plans'.

Appendix I

Plans

Annex 1A: Supermarket sales floorspace / head of population – all stores

Annex 1B – Supermarket sales floorspace / head of population stores under 10,000 sq ft

Annex 1C – Supermarket sales floorspace / head of population stores between 10,001 sq ft and 24,999 sq ft

Annex 1D – Supermarket sales floorspace / head of population stores 25,000 sq ft and above.

Annex 2A – Dominance of centres for comparison retail expenditure – North West Wales

Annex 2B – Dominance of centres for comparison retail expenditure – North East Wales

Annex 2C – Dominance of centres for comparison retail expenditure – Mid-Wales

Annex 2D – Dominance of centres for comparison retail expenditure – South West Wales

Annex 2E – Dominance of centres for comparison retail expenditure – South East Wales

Annex 3A Comparison goods retail catchment area – Cardiff

Annex 3B Comparison goods retail catchment area – Swansea

Annex 3C Comparison goods retail catchment area – Cwmbran

Annex 3D Comparison goods retail catchment area – Wrexham

Annex 3E Comparison goods retail catchment area – Newport

Annex 3F Comparison goods retail catchment area – Carmarthen

Annex 3G Comparison goods retail catchment area – Rhyl

Annex 3H Comparison goods retail catchment area – Blackwood

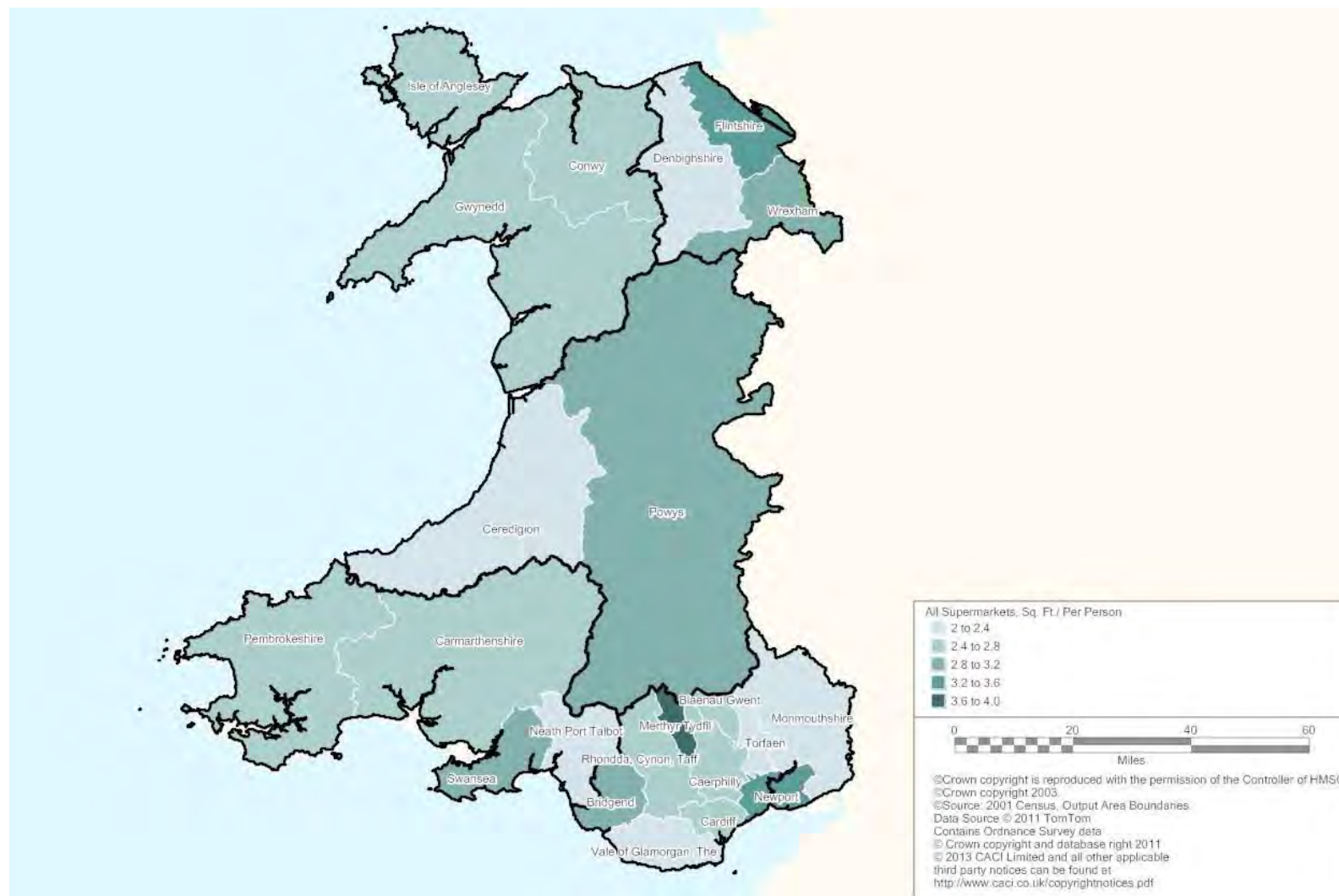
Annex 3I Comparison goods retail catchment area – Neath

Annex 3J Comparison goods retail catchment area – Pontypridd

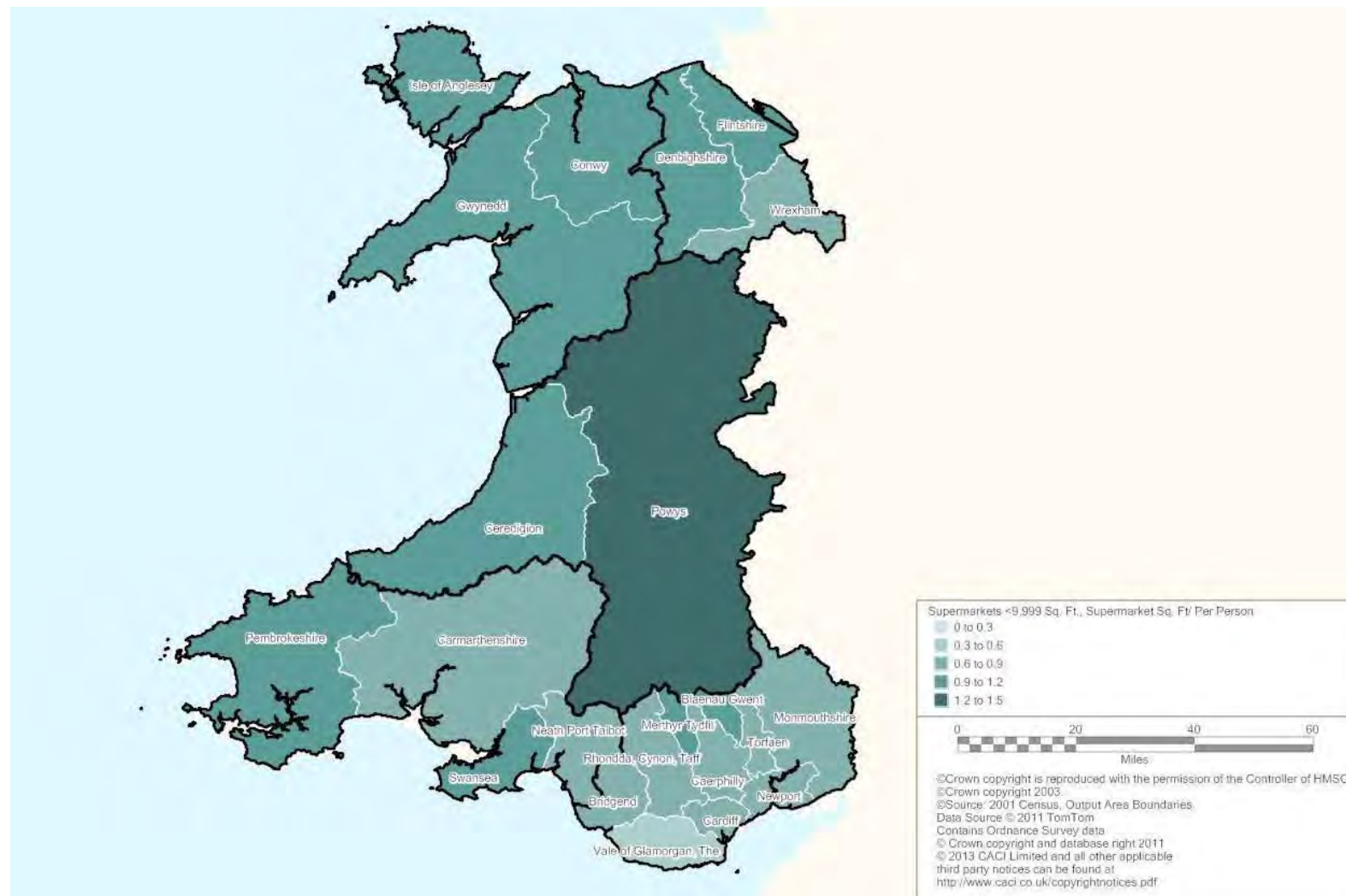
Annex 3K Comparison goods retail catchment area – Aberystwyth

Annex 3L Comparison goods retail catchment area – Bangor

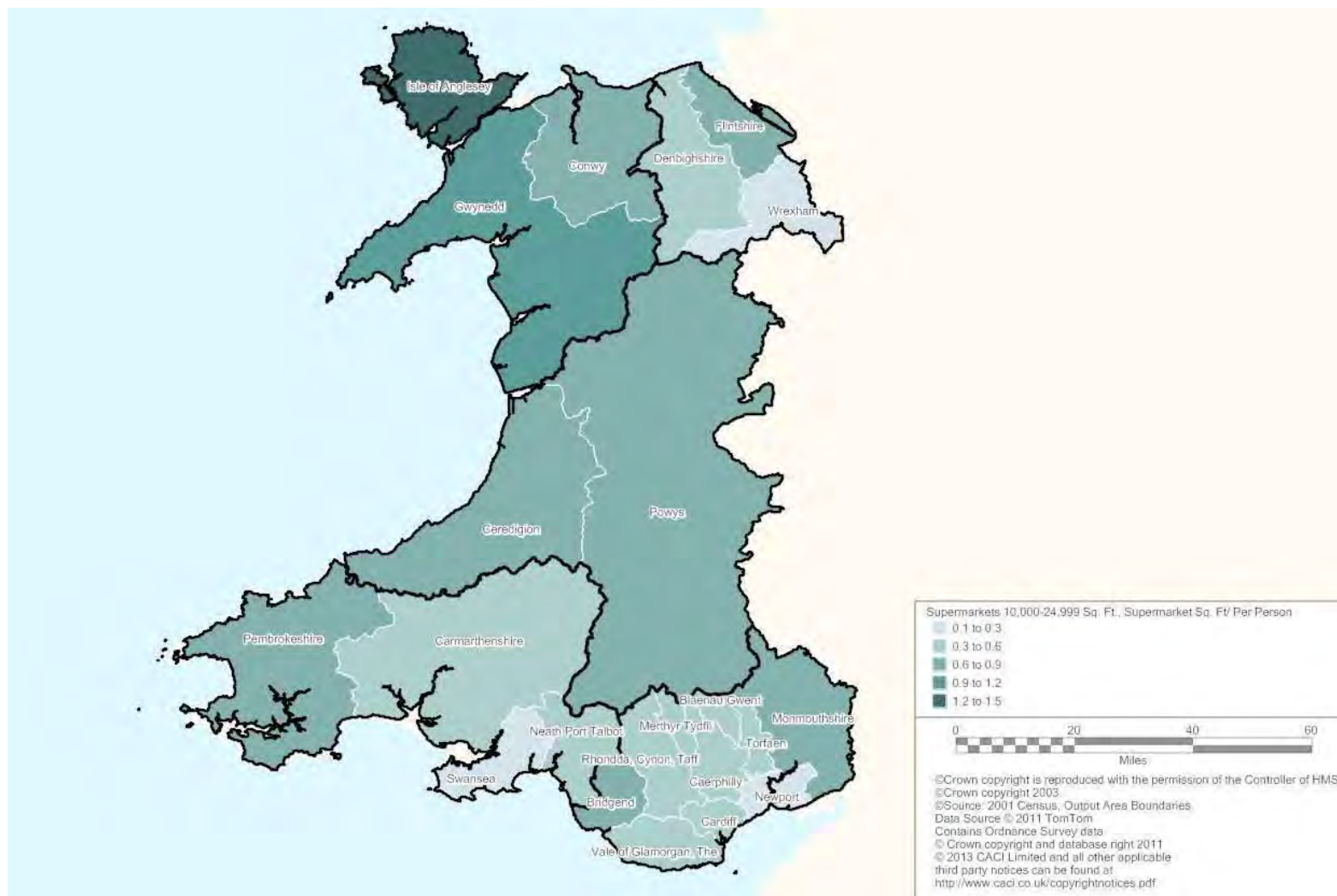
Annex 1A: Supermarket sales floorspace per head of population – all stores



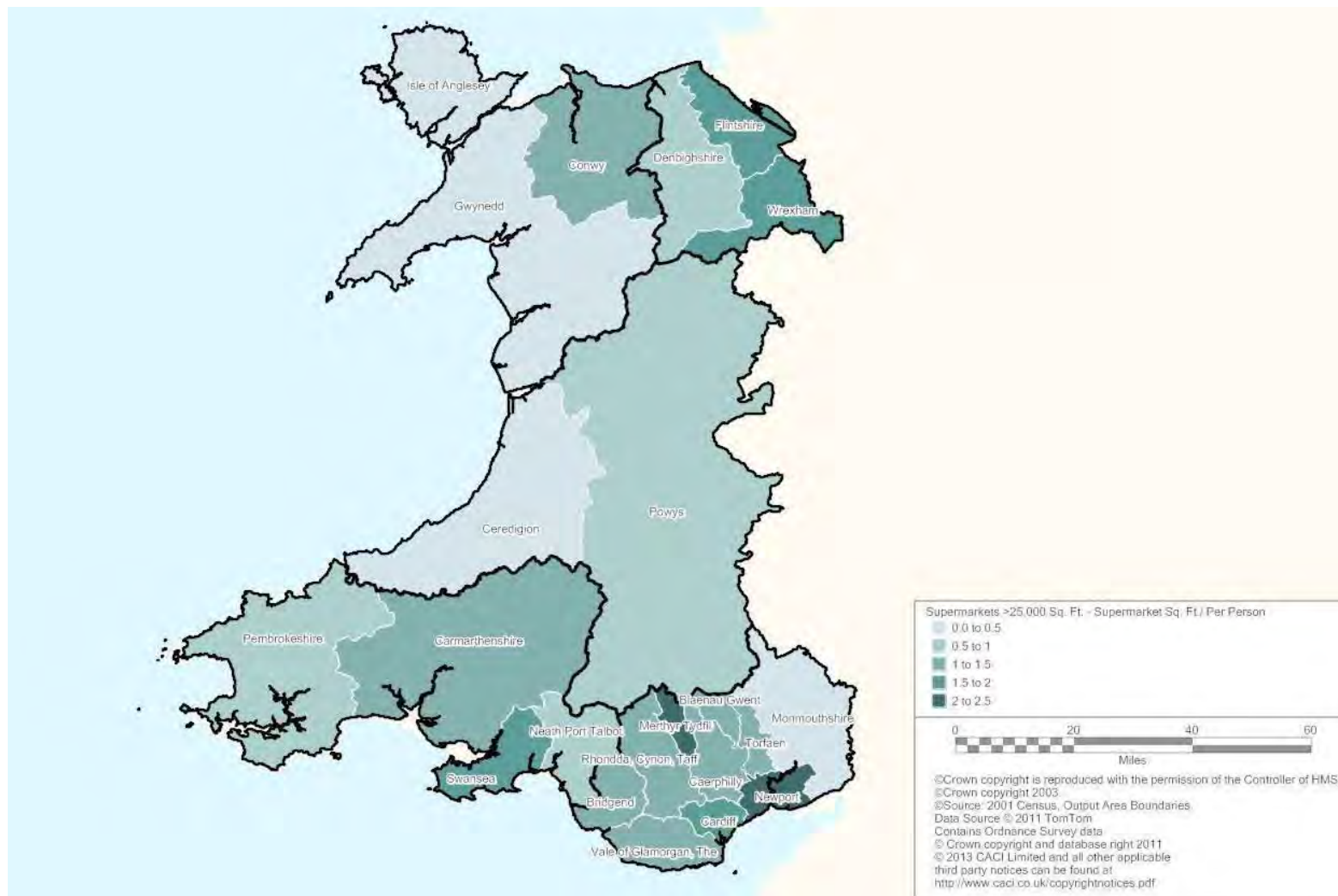
Annex 1B – Supermarket sales floorspace per head of population stores under 10,000 sq ft



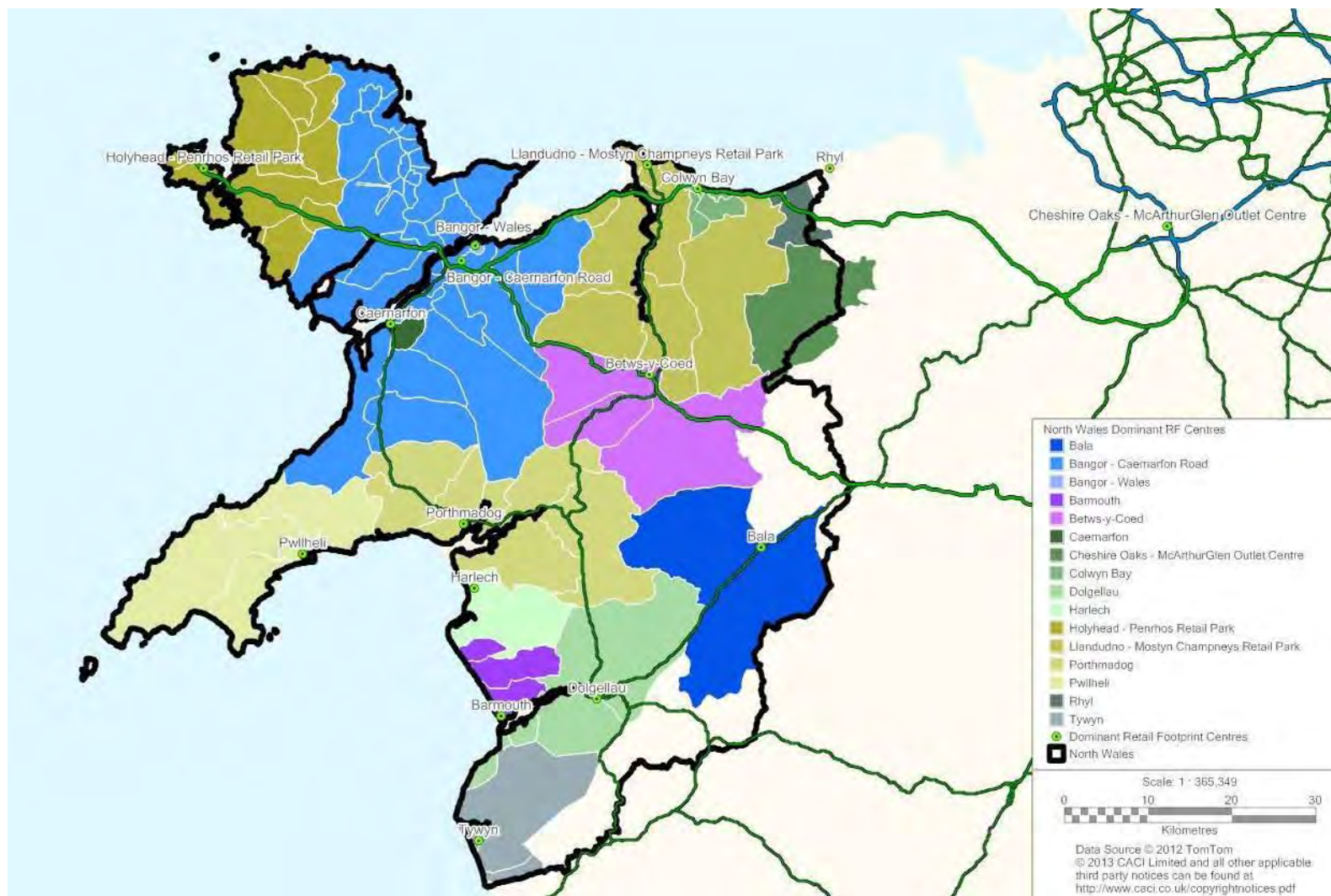
Annex 1C – Supermarket sales floorspace per head of population stores between 10 and 24,999 sq ft



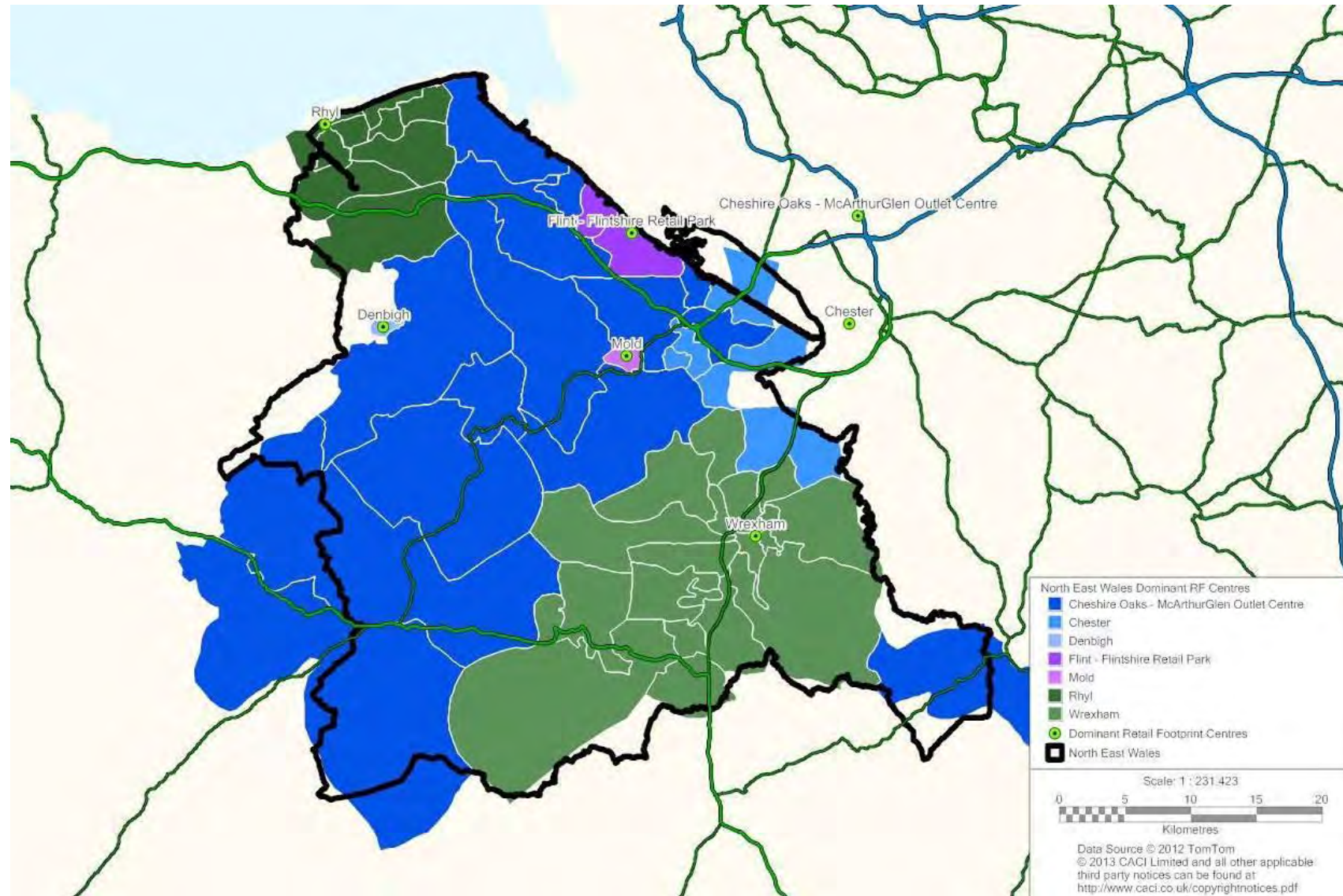
Annex 1D – Supermarket sales floorspace per head of population stores 25,000 sq ft and above.



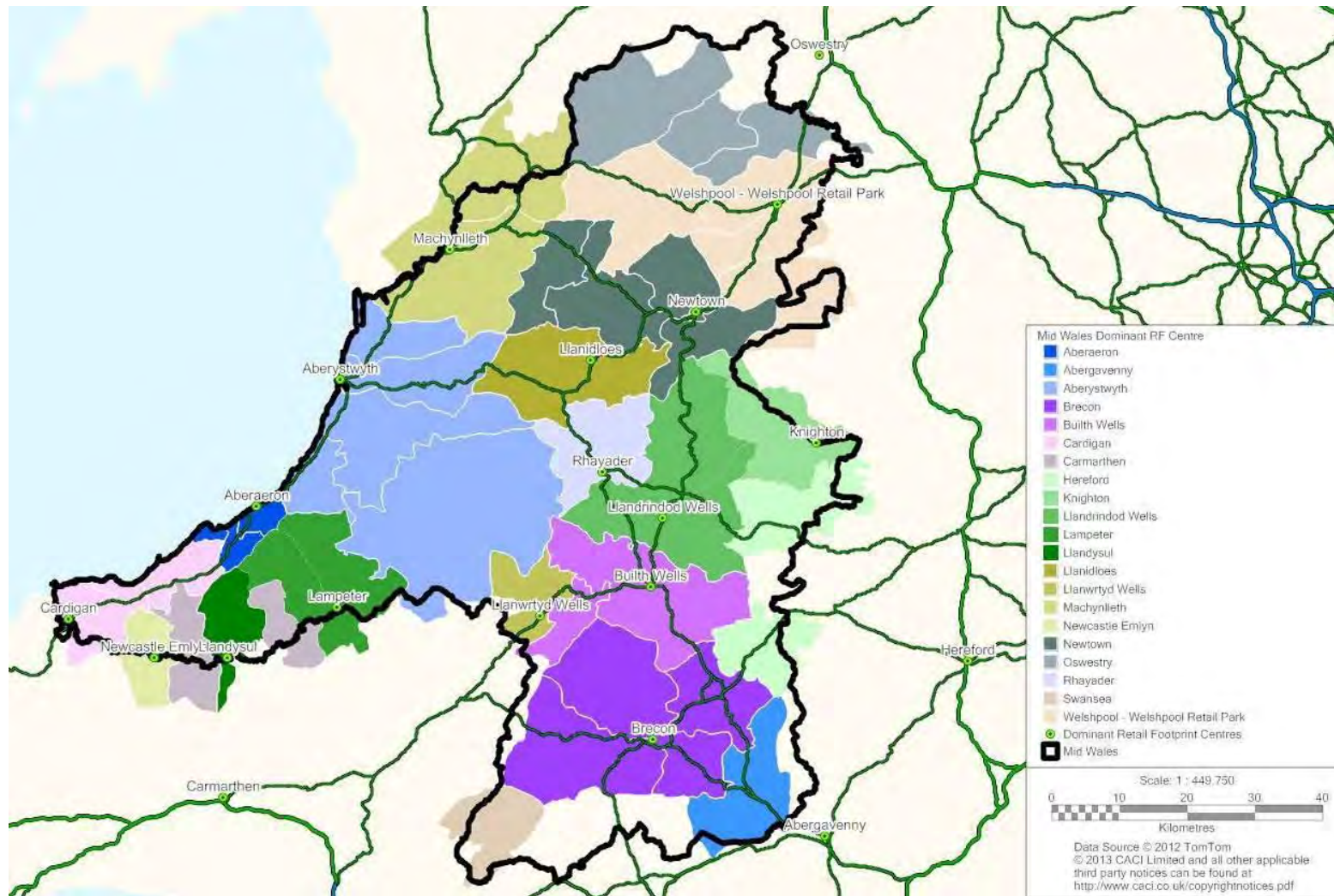
Annex 2A – Dominance of centres for comparison retail expenditure – North West Wales



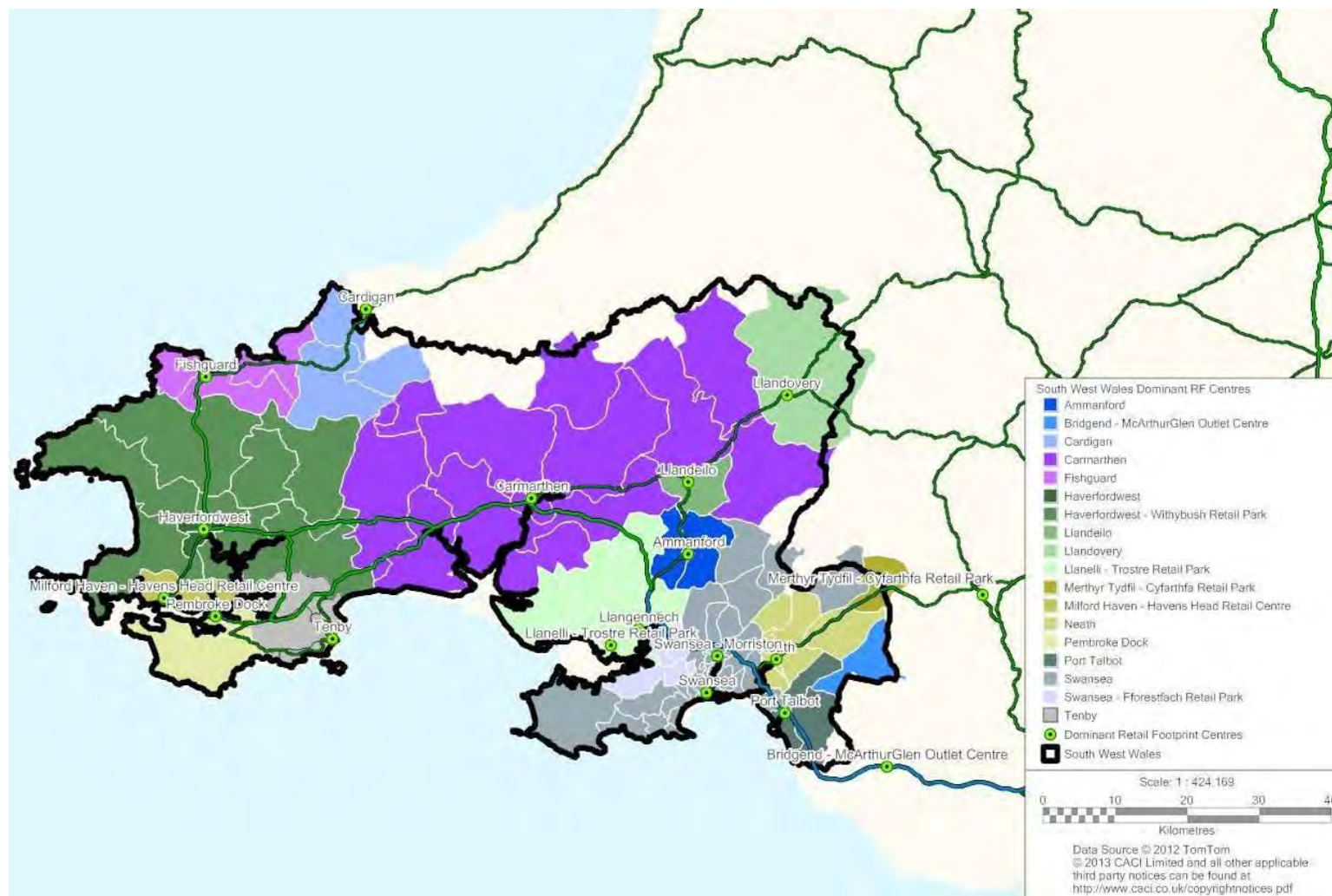
Annex 2B – Dominance of centres for comparison retail expenditure – North East Wales



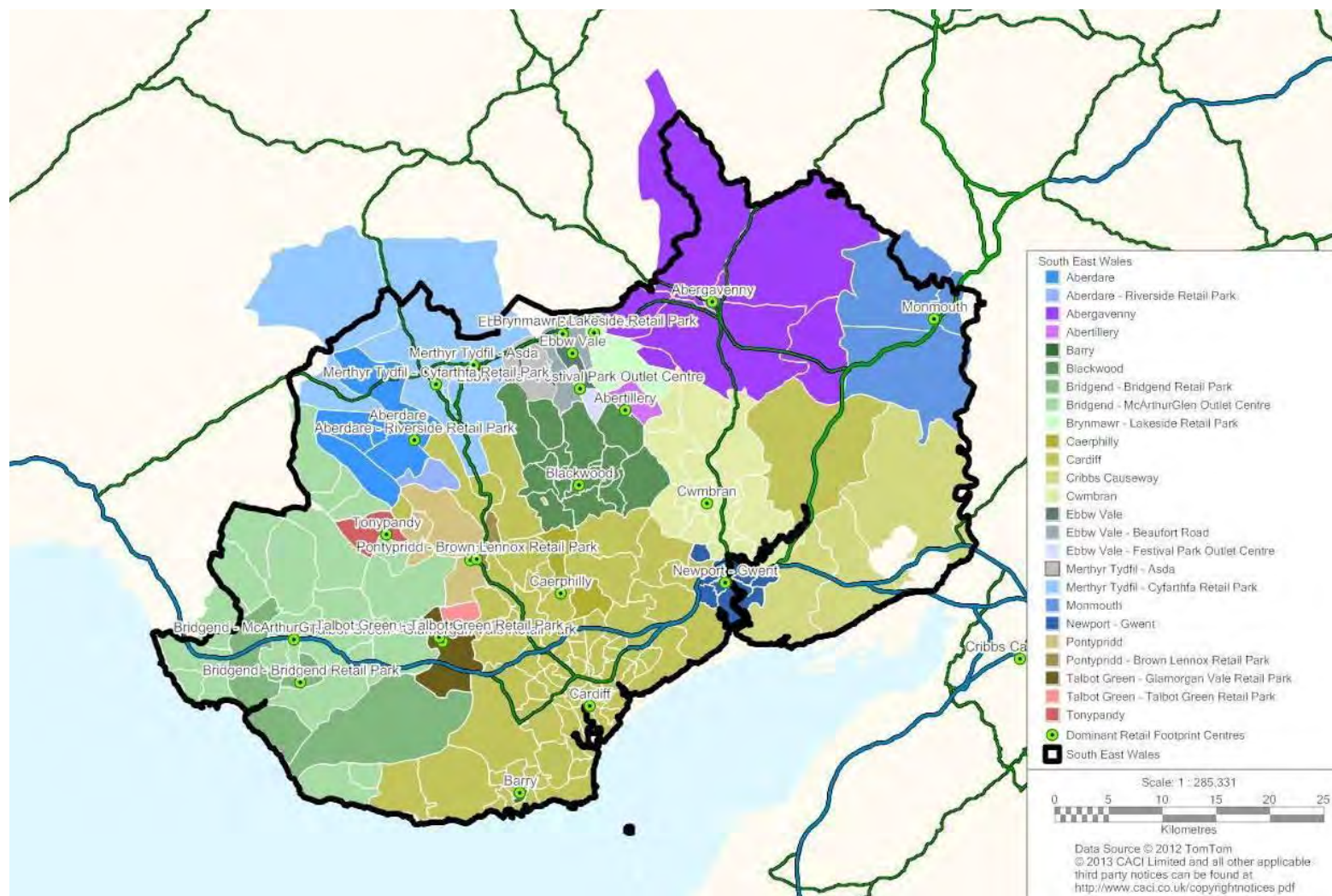
Annex 2C – Dominance of centres for comparison retail expenditure – Mid-Wales



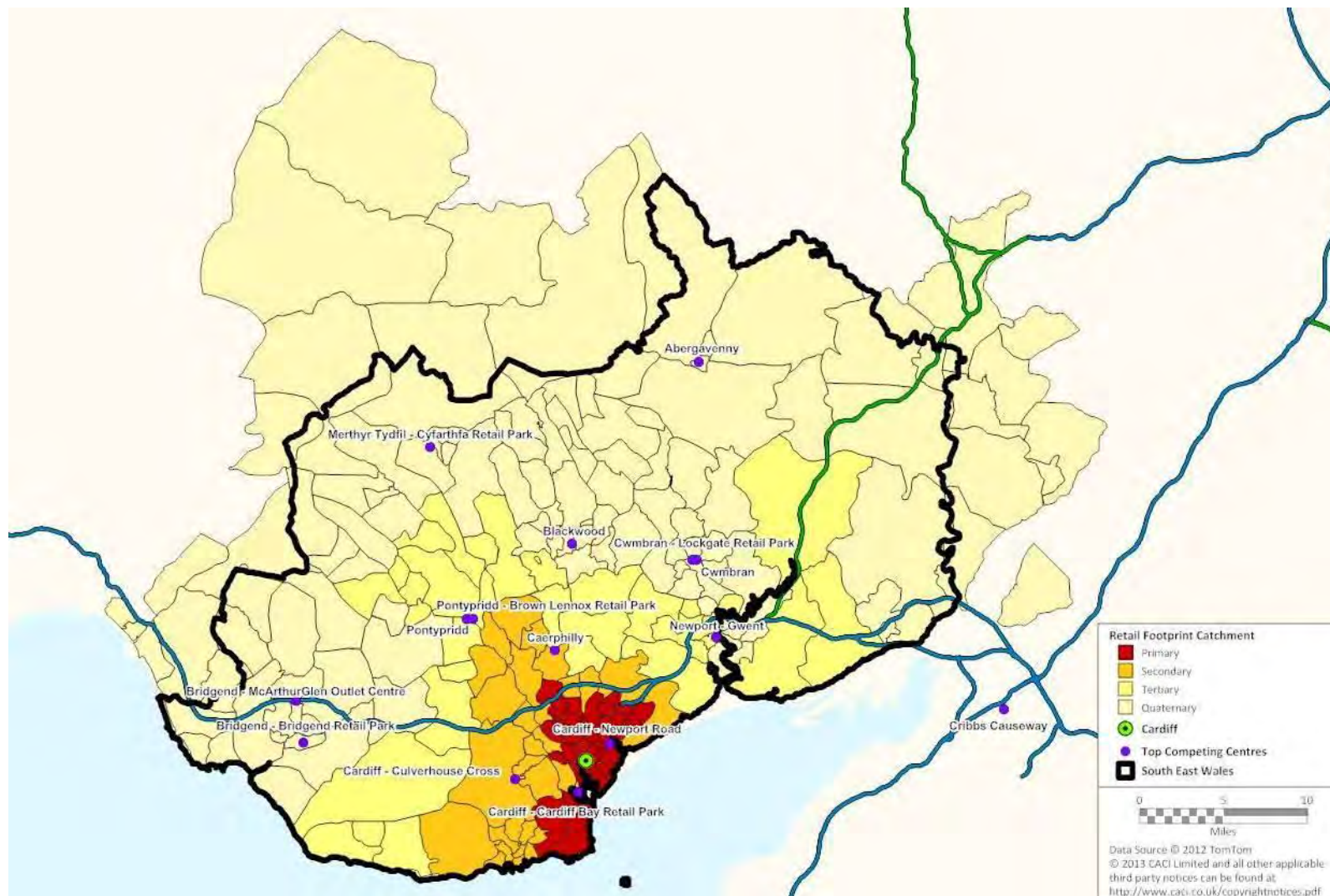
Annex 2D – Dominance of centres for comparison retail expenditure – South West Wales



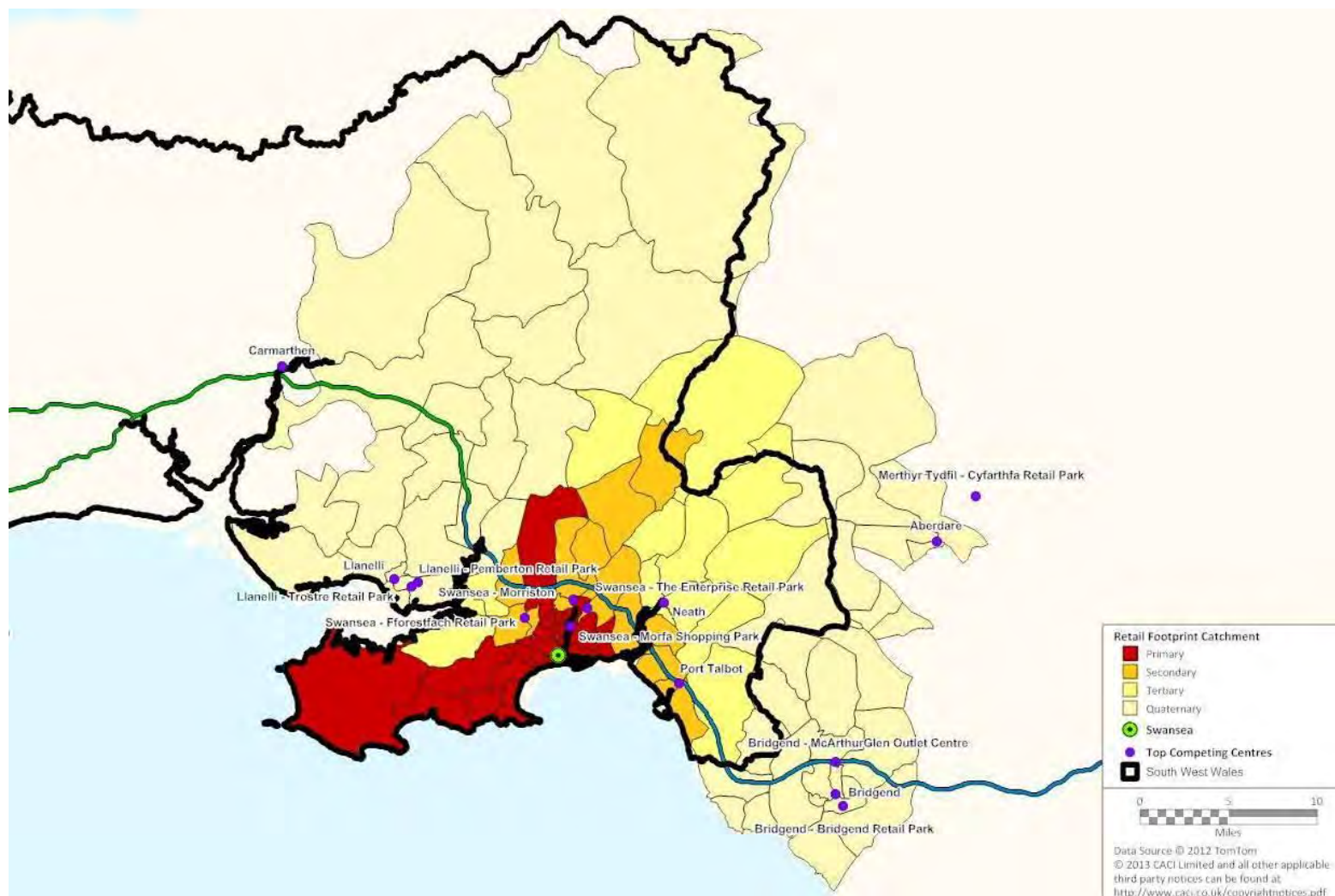
Annex 2E – Dominance of centres for comparison retail expenditure – South East Wales



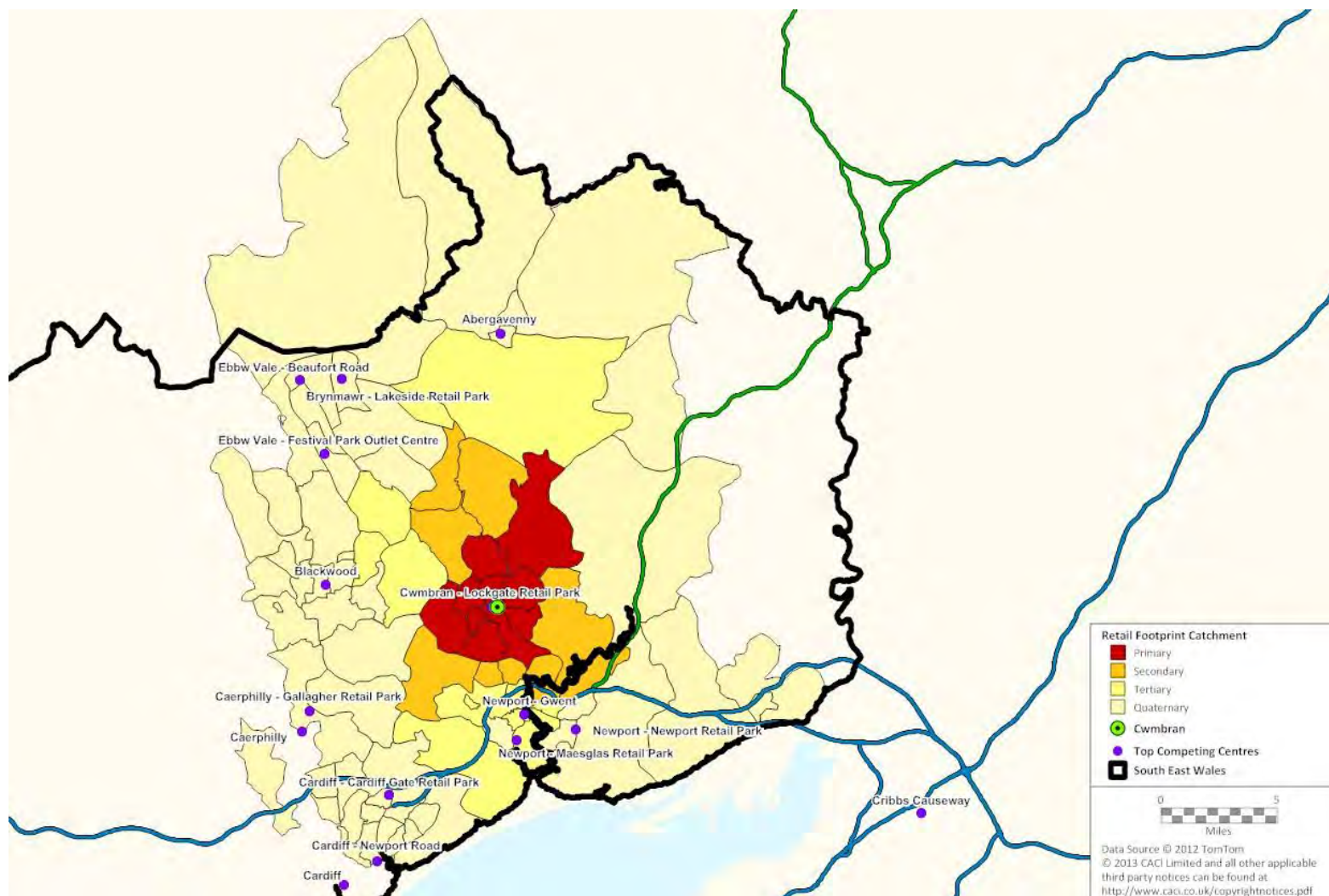
Annex 3A Comparison goods retail catchment area – Cardiff



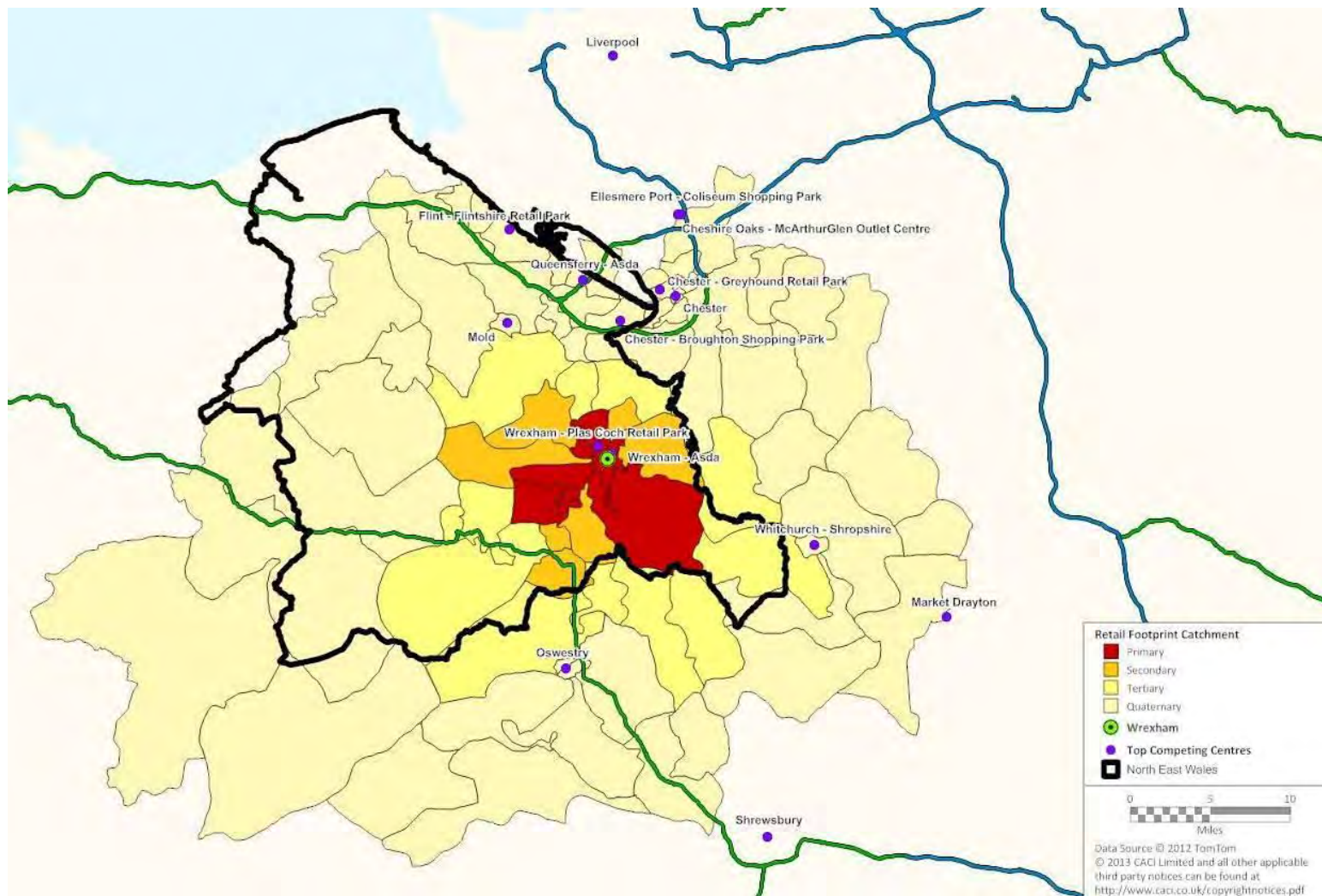
Annex 3B Comparison goods retail catchment area – Swansea



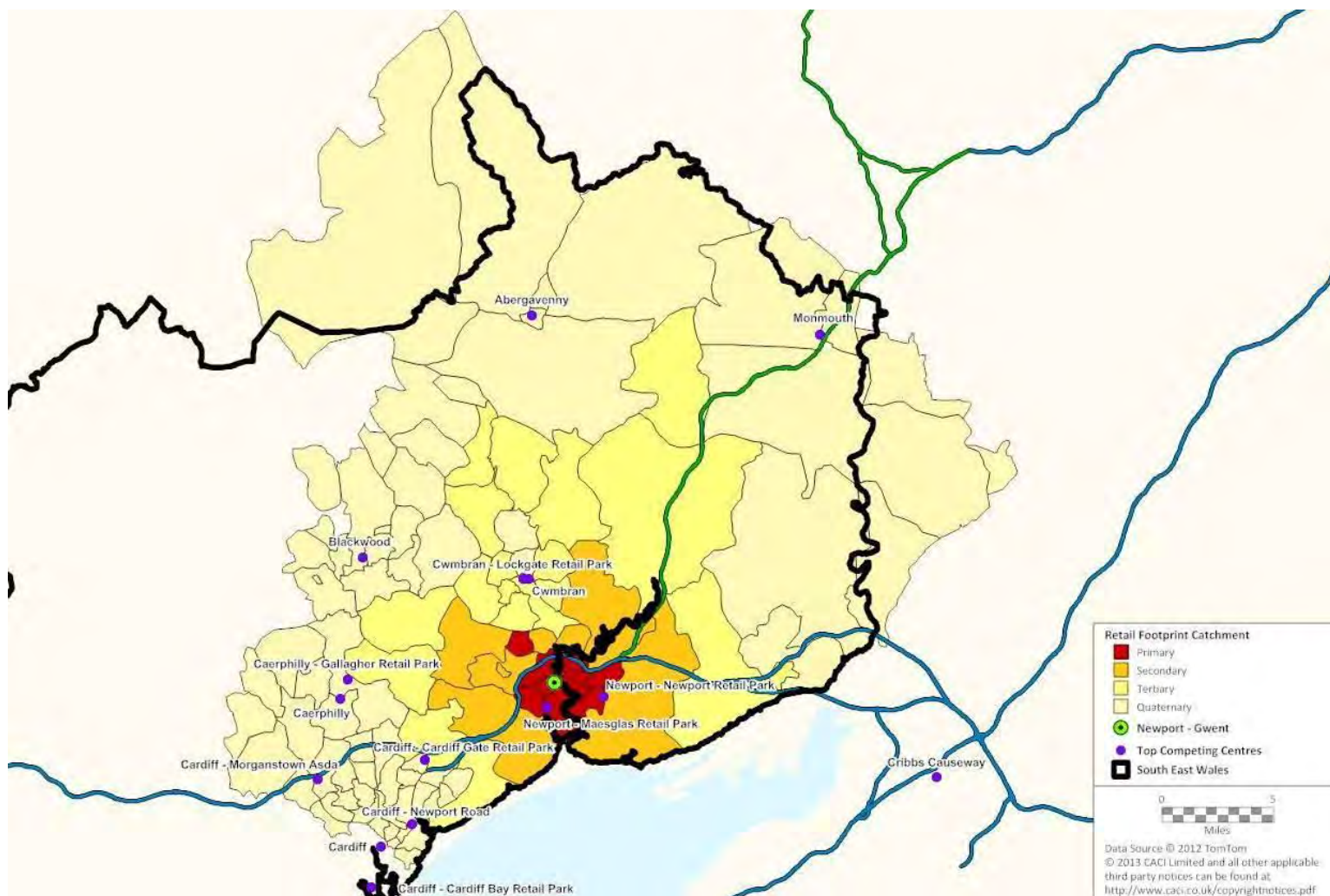
Annex 3C Comparison goods retail catchment area – Cwmbran



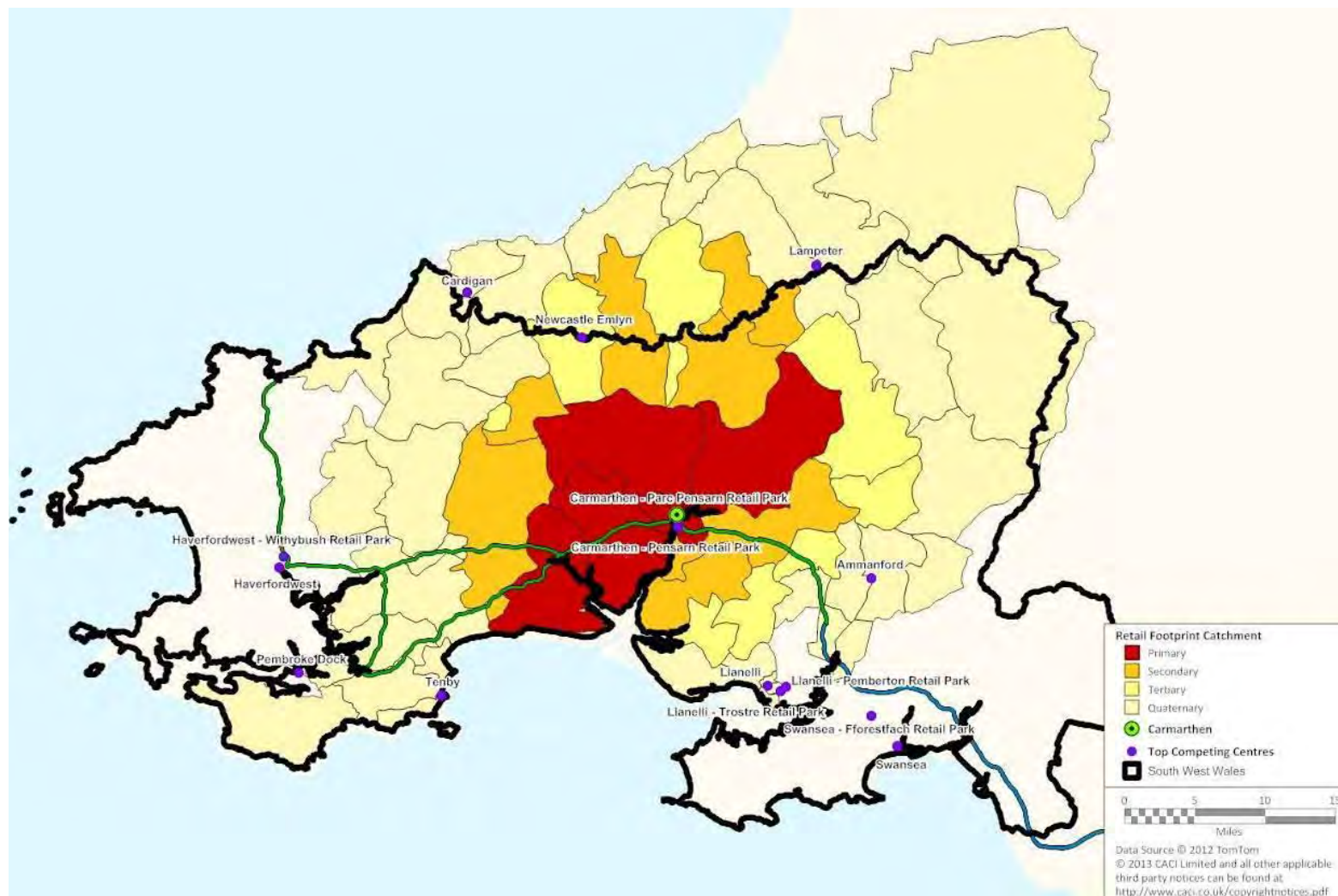
Annex 3D Comparison goods retail catchment area – Wrexham



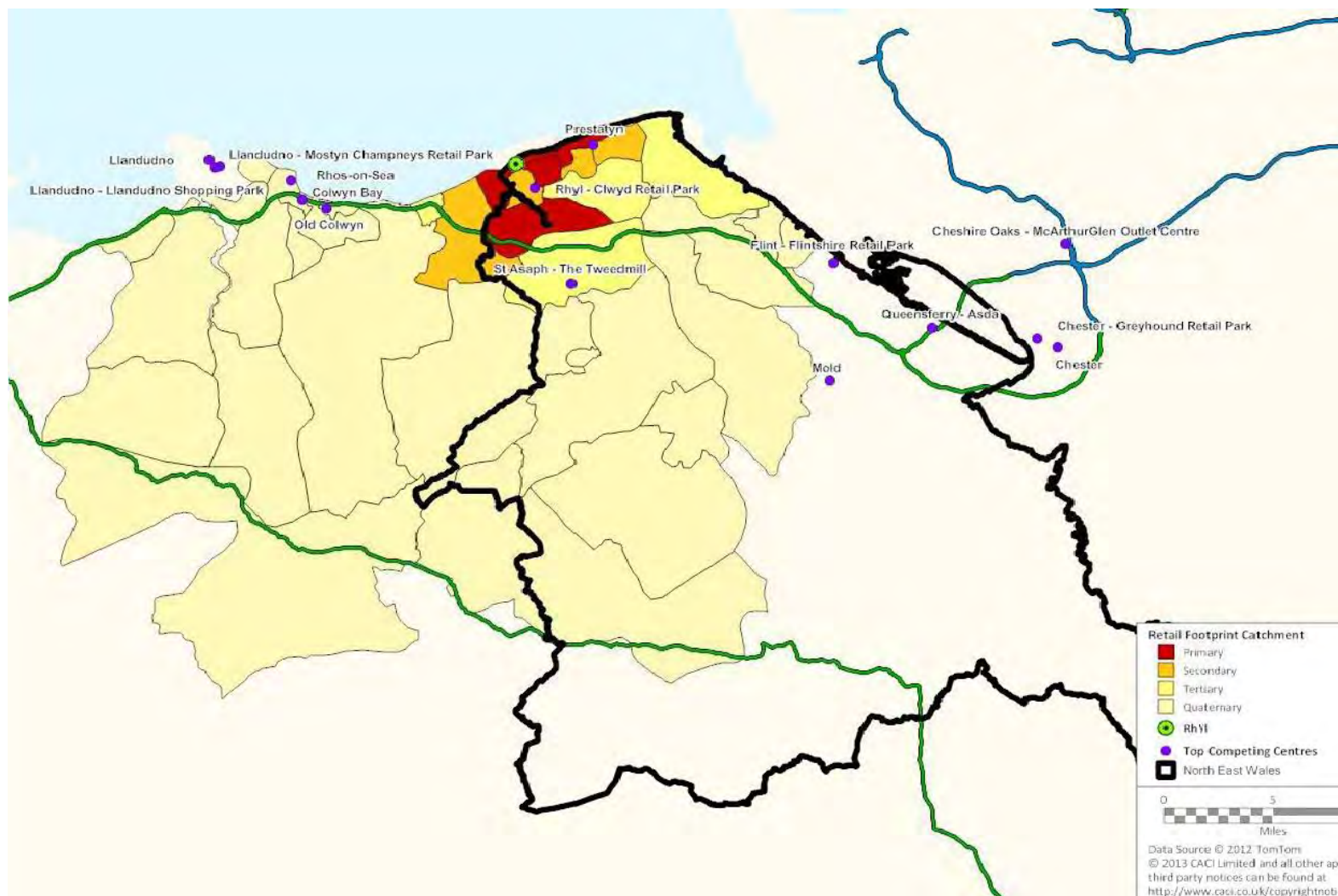
Annex 3E Comparison goods retail catchment area – Newport



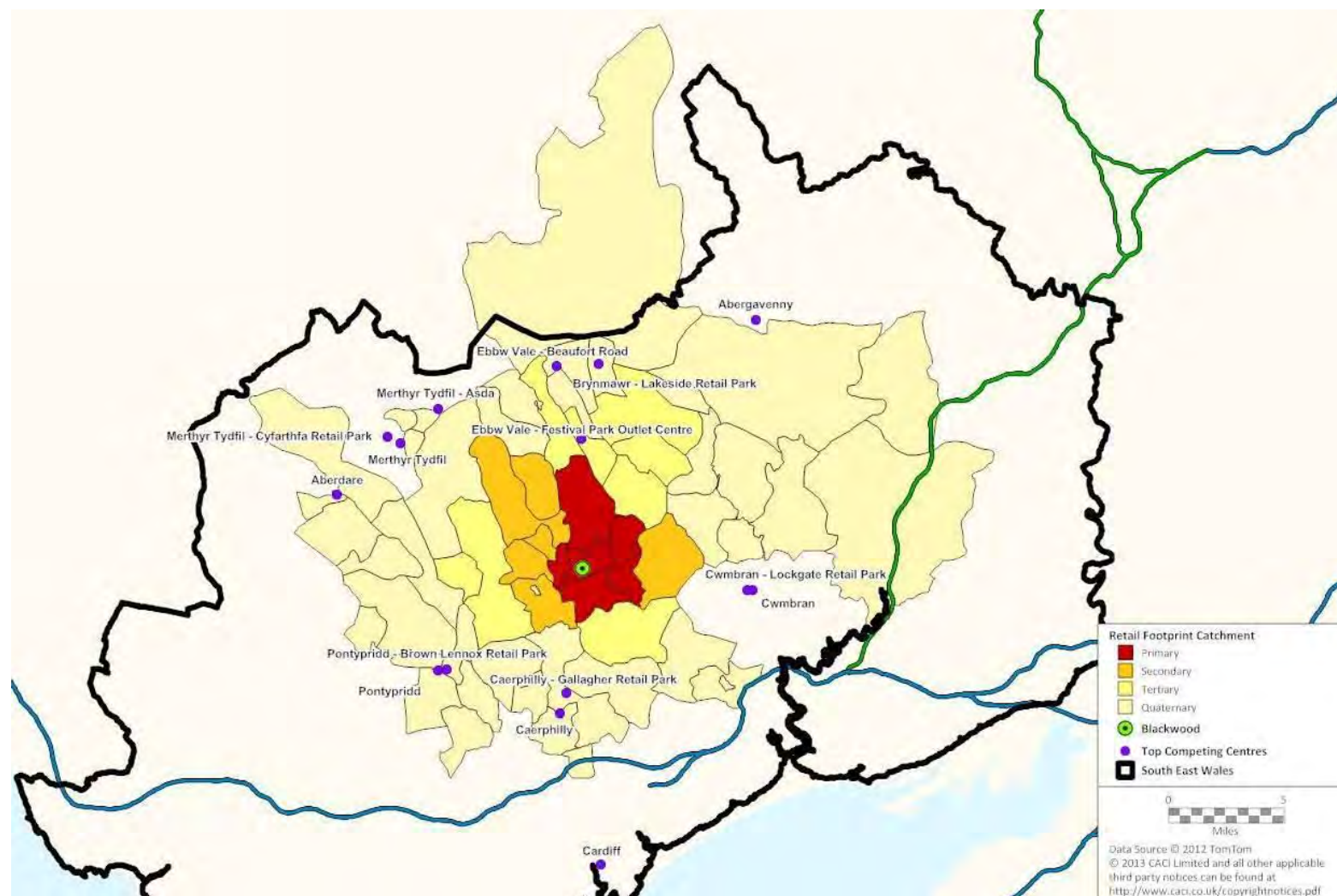
Annex 3F Comparison goods retail catchment area – Carmarthen



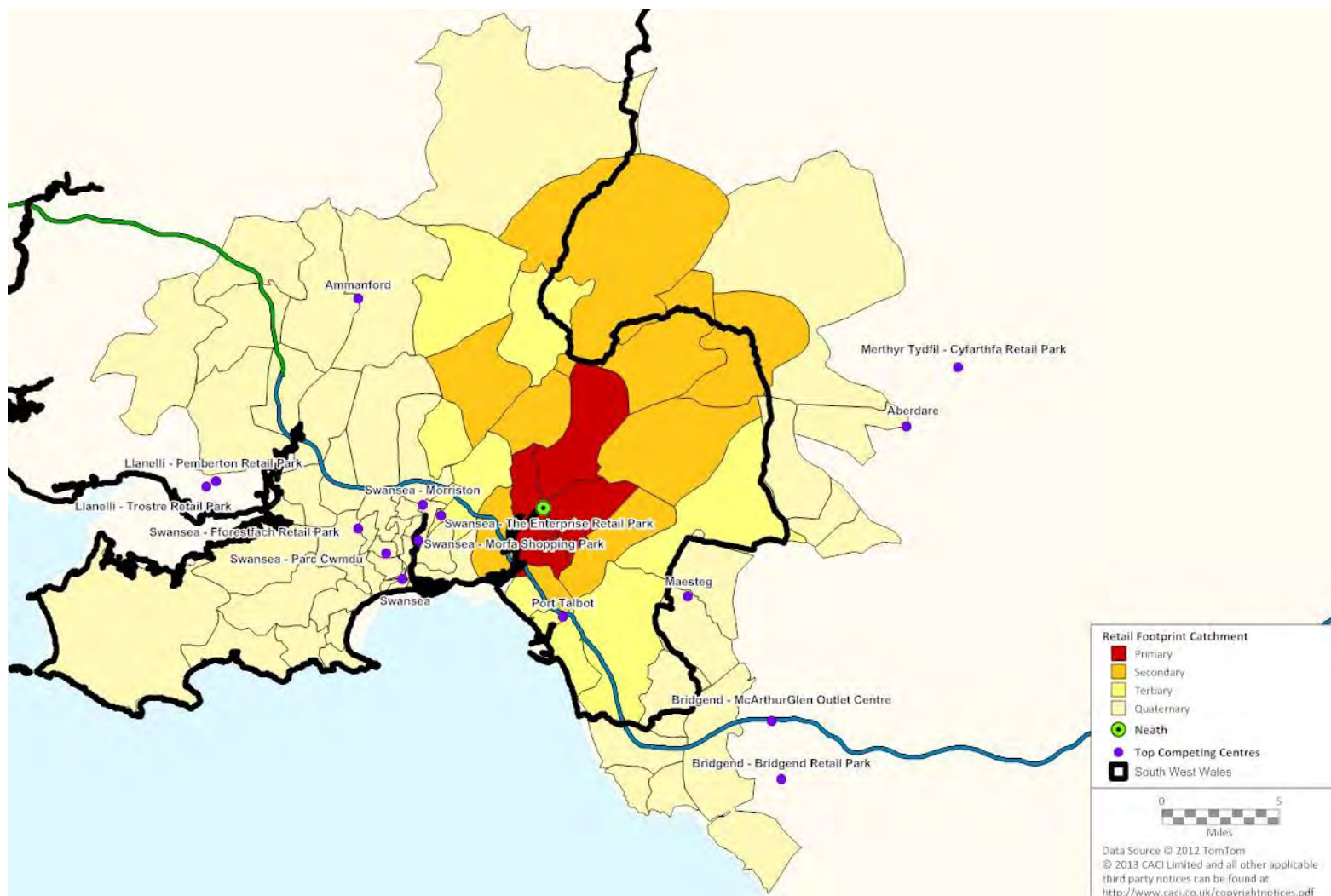
Annex 3G Comparison goods retail catchment area – Rhyl



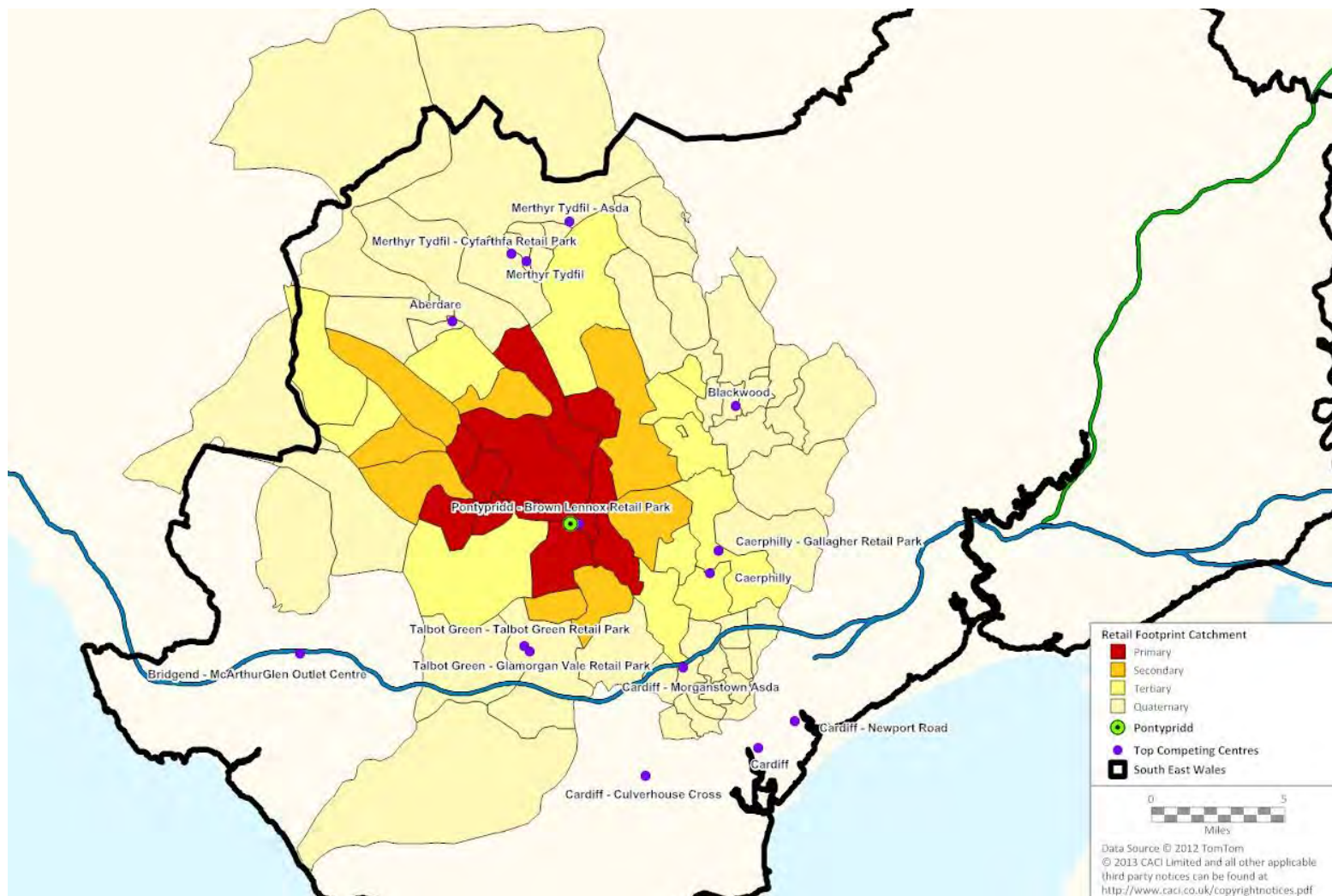
Annex 3H Comparison goods retail catchment area – Blackwood



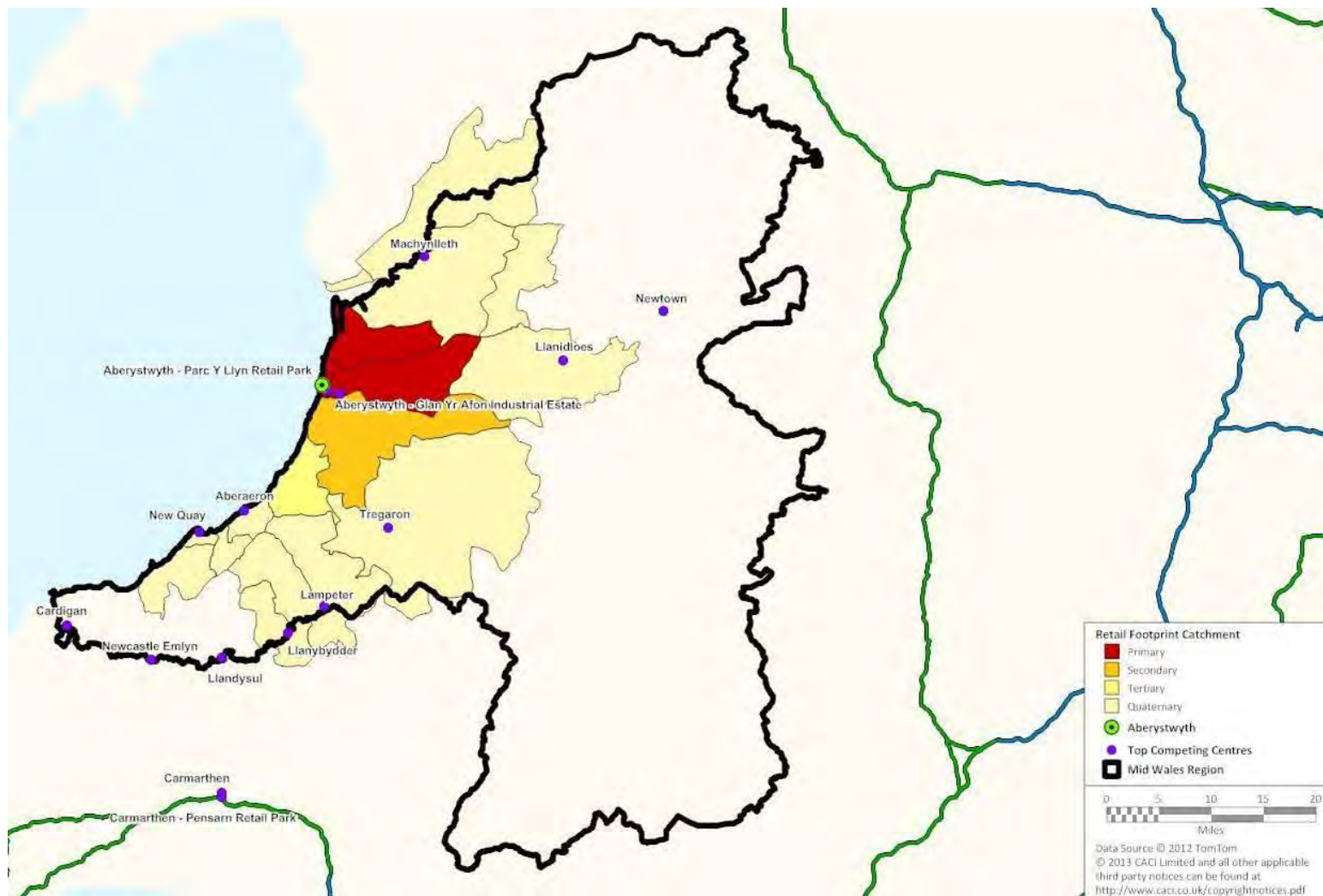
Annex 3I Comparison goods retail catchment area – Neath



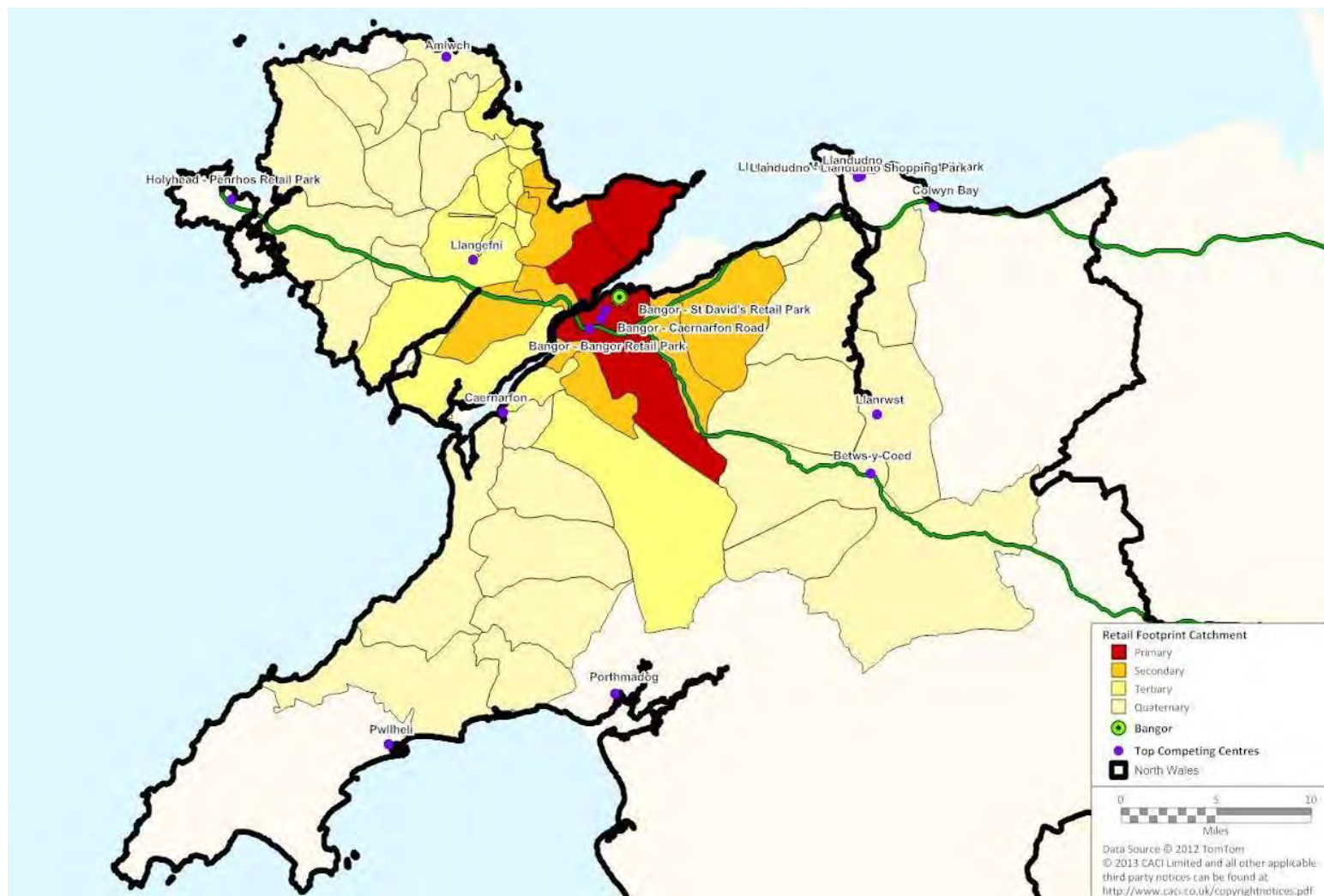
Annex 3J Comparison goods retail catchment area – Pontypridd



Annex 3K Comparison goods retail catchment area – Aberystwyth



Annex 3L Comparison goods retail catchment area – Bangor



Appendix II

Case Study Consultees

Llanelli

John LJ Thomas, Senior Development Manager – Carmarthenshire County Council
Jon Timothy, Forward Planning and Conservation – Carmarthenshire County Council
Simon Clement, Forward Planning Officer – Carmarthenshire County Council
Julian Edwards, Development Manager – Carmarthenshire County Council
Rob Davies, Development Manager – Carmarthenshire County Council
Andrew Shufflebotham, former Town Centre Manager – Carmarthenshire County Council

Newport

Matthew Sharp, Planning Policy Manager – Newport City Council
Joanne Davidson, East Area Team Manager – Newport City Council

Ruthin

Ian Weaver, Principal Planning Officer – Denbighshire County Council
Tom Booty, Economic and Business Development Manager – Denbighshire County Council
Emma Wynne, Economic & Business Development Officer – Denbighshire County Council
Members of the Ruthin Area Members Group
Graham Boase, Head of Planning – Denbighshire County Council
Angela Loftus, Planning Policy Manager – Denbighshire County Council
Phil Ebbrell, Conservation Architect – Denbighshire County Council

Llangefni

Nia Davies, Joint Policy and Planning Unit – Anglesey County Council
Tudur Jones, Sites and Premises Manager – Anglesey County Council
Various written responses from Anglesey County Council economic development and planning departments

Aberystwyth

Jason Jones, Development Manager – Ceredigion County Council
Richard Duggan, Head of Development Management – Ceredigion County Council
Dan Harris, Forward Planning – Ceredigion County Council

Llinos Quelch, Planning Policy & Research Services Manager – Ceredigion County Council

Chris McKenzie-Greaves – Business Owner and Chamber of Commerce representative

Appendix III

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