Cotswold District Local Plan 2018 – 2031 Update

Town and Country Planning (Local Planning) Regulations 2012

Regulation 18 "Issues and Options" consultation/participation

Evidence Paper: Town Centres and Retail

1. Objectives

1.1 Adopted Local Plan:

Issues:

3.0.10 Significant 'leakage' of comparison (non-food) shopping trips from Cirencester to centres beyond the District needs to be addressed to help sustain the town's important retailing role

Relevant objective:

3. Local Economy

Through implementation of the OAN, Economic Strategy and allocation of land:

b. Encourage the vitality and viability of town and village centres as places for shopping, leisure, cultural and community activities, including maintaining Cirencester's key employment and service role.

1.2 Emerging revised objective (WIP):

b. Encourage the vitality and viability of town and village centres as places that support a diversity of activities and uses, that include:

- *shopping, leisure, cultural and community activities;*
- *opportunities to access affordable homes;*
- *opportunities to attain rewarding careers;*
- *becoming active transport hubs to aid health outcomes and reduce emissions and pollution.*

2. NPPF, NPPG and other material considerations

NPPF

2.1 Planning policies should:

- define a network and hierarchy of town centres and promote their long-term vitality and viability – by allowing them to grow and diversify in a way that can respond to rapid changes in the retail and leisure industries, allows a suitable mix of uses (including housing) and reflects their distinctive characters;

- define the extent of town centres and primary shopping areas, and make clear the range of uses permitted in such locations;

- retain and enhance existing markets and, where appropriate, re-introduce or create new ones;

- allocate a range of suitable sites in town centres to meet the scale and type of

  development likely to be needed, looking at least ten years ahead;

- where suitable and viable town centre sites are not available for main town centre uses, allocate appropriate edge of centre sites that are well connected to the town centre. If sufficient edge of centre sites cannot be identified, policies should explain how identified needs can be met in other accessible locations that are well connected to the town centre; and

- recognise that residential development often plays an important role in ensuring the vitality of centres and encourage residential development on appropriate sites.

- Local planning authorities should apply a sequential test to planning applications for main town centre uses which are neither in an existing centre nor in accordance with an up-to-date plan. Main town centre uses should be located in town centres, then in edge of centre locations; and only if suitable sites are not available should out of centre sites be considered.

2.2 The NPPF no longer requires Local Plans to define primary and secondary shopping frontages.

NPPG

2.3 National guidance advises in respect of town centres that LPAs:

- consider structural changes in the economy, in particular changes in shopping and leisure patterns and formats, the impact these are likely to have on individual town centres, and how the planning tools available to them can support necessary adaptation and change;

- consider residential, employment, office, commercial, leisure/entertainment, healthcare and educational development in town centres to encourage vitality and diversity;

- consider how appropriate evening and night time activities could increase economic activity within town centres and provide additional employment opportunities;

- set out planning policies that define the extent of primary shopping areas;

- set out in its Local Plan a vision and strategy for its town centres that includes establishing

    - the realistic role, function and hierarchy of town centres over the plan period. Given the uncertainty in forecasting long-term retail trends and consumer behaviour, this assessment may need to focus on a limited period (such as the next five years) but will also need to take the lifetime of the plan into account and be regularly reviewed.

    - the vision for the future of each town centre, including the most appropriate mix of uses to enhance overall vitality and viability.

    - the ability of the town centre to accommodate the scale of assessed need for main town centre uses.

    - opportunities for improvements to the accessibility and wider quality of town centre locations.

    - what complementary strategies are necessary or appropriate to enhance the town centre and help deliver the vision for its future, and how these can be planned and delivered.

    - the role that different stakeholders can play in delivering the vision.

CDC Corporate Strategy

2.4 The most relevant objective is to "help our town centres recover from COVID-19 and in the face of changing shopping habits" by:

- supporting businesses to become resilient and grow;

- helping towns create long-term plans where needed, such as the Cirencester town centre masterplan;

- supporting businesses to enhance their digital presence;

- developing a 'shop local' campaign to encourage residents to support local businesses; and

- encouraging the introduction of new uses – including non-retail, cultural and affordable housing – to improve the vitality of the area and the visitor experience.

Material considerations

Change in the nature of the "traditional high street", the impact of Covid-19, and changes to the Use Classes Order relating to Class E and F

2.5 The effect of internet-based retailing on the traditional high street is well documented in the media and elsewhere. It is a developing situation that is resulting in the closure of significant numbers of shops including long-established national chains such as Debenhams, Top Shop and House of Fraser. Due to its evolving nature it is difficult at present to be certain how deep the effect will ultimately be or whether, for example, town centres that have a "niche market" appeal that perhaps is part of a broader range of attractions will be less susceptible. A recent council-commissioned study relating to Cirencester town centre has indicated that Covid-19 has had a significant impact on town centres. Many businesses have folded. Those who have survived now face a different market. Covid introduced more people to internet shopping and this has accelerated the trend noted in the preceding paragraph. Change in shopping habits is expected to endure. Covid also required many people to work from home. The success of this has led many businesses to adopt more flexible working practices permanently, although this is unlikely to result in a binary office v home working choice. It is anticipated that in reality many firms will operate a "blended working" approach.

2.6 A decrease in office working could have a two-fold impact on town centres: i) it could affect footfall, particularly at certain times of the day, as office workers are a significant clientele for a wide range of "traditional high street" uses from bars and cafes to banks and dry cleaners; and ii) it may also reduce the need for office space in and around the town centres, which could be made available for other uses. If office-based working becomes the exception rather than the rule (i.e. the opposite of the "normal" situation) this will be another accelerant in the rate of high street change.

2.7 In respect of national planning policy, the role of retail as the near-sacrosanct town centre "anchor" use is no longer tenable. Although it is helpful that the NPPF supports broadening the range of "main town centre" uses, its continued reference to the sequential approach (centre, edge of centre, out of centre) harks back to earlier policy objectives - the imperative to retain retailing as the key town centre use and prevent out of centre retail "parks" from threatening its prosperity.

2.8 Moreover, national planning policy is now exacerbating the rapid rate of change in town centres. Changes to the planning use class system were introduced in September 2020. Several use classes were revoked and a new Class E and Class F were introduced . In summary:

- Class A1 (retail), A2 (financial and professional services) and A3 (restaurants and cafes) were effectively combined into a new Class E(a,b,c).
- A4 (drinking establishments) and A5 (hot food takeaways) uses became defined as 'Sui Generis'.
- B1 (office, research and development processes and light industrial uses) was revoked and has effectively been replaced with the new Class E(g).
- D1 (non-residential institutions) has been split out and replaced by the new Classes E(e) (Provision of medical or health services) and Class E(f) (Creche, day nursery or day centre) and F1.
- D2 (assembly and leisure) has been split out and replaced by the new Classes E(d) (indoor sport, recreation and fitness) and F2(c-d), as well as several newly defined 'Sui Generis' uses.

2.9 The introduction of the new Class E and F is designed to bring flexibility to town centres to help them evolve. In particular, planning permission is no longer required to switch between retail and some other main town centre uses. However, planning permission is also no longer required to switch between retail or main town centre uses to some non-main town centre uses. Cumulatively, it is expected that this change will degrade the purpose and effectiveness of the current Local Plan primary shopping area policy.

2.10 A new permitted development right allowing the change of use from Class E to Class C3 (dwelling houses) also comes into force in August 2021 [1], meaning this type of development will also no longer require planning permission. It is subject to the "prior approval" process and there are some exemptions - such as listed buildings - but this change will if anything accelerate the phenomenon that is already taking place. If landlords feel they can make more on their investments from residential rather than business uses they cannot be blamed for acting on that. An informal study of Cirencester town centre shows that about 50% of the ground and first floor premises that currently are within Class E have the potential to change to residential use without the need to make a planning application.

2.11 The ability to make this change of use is not limited to town centre premises in Class E. Any Class E premises, unless they are exempt, are susceptible. :

2.12 Unlike many town centres across the county many of the district's town centres are so far not badly affected by the changing nature of the high street. . Most already have a wide diversity of uses, a strong tourism offer, niche markets and a high proportion of independent retailers. These provide a visitor experience that that is not offered by internet shopping. But changes are already happening and will continue to happen. We have to plan for this so that we can capitalise on opportunities, continue to safeguard and build resilience and flexibility through town centre strategies. In this way we can seek to ensure that the District's town centres continue their critical role as community and commercial hubs.

3. Local Plan Review

3.1 Cotswold District undertook a review of the adopted Local Plan polcies, which established the following:

- **EC7** - recommendation: partial update to reflect latest evidence, data and /or national policy / guidance before the end of the plan period. Address changing nature of the High Street. The effect of Covid-19 is another consideration.

- **EC8** - recommendation: partial update to reflect latest evidence, data and /or national policy / guidance. Additional leisure strategy / evidence will help plug previous gaps.

- Further consideration will be given to significant changes in the nature of the 'traditional high street', such as increased role of residential use into town centres.

- **EC9** - recommendation: no update required.

[1] https://www.planningresource.co.uk/article/1711537/class-e-town-centre-to-residential-pd-right-effect-august-government-confirms

4. Background evidence and Sustainability Appraisal – setting out the issues

4.1 There is a growing body of evidence about the changing nature of the "traditional high street". In 2019 Cotswold District Council in partnership with Cirencester Town Council convened the "Cirencester Futures" conference, which focused on change and measures to engage with it. A keynote speaker was a co-author of the Grimsey Reports [2] - a highly regarded study into the nature of change in the nation's high streets.

4.2 The Council also has prepared a "health check" of Cirencester town centre [3] - this being the largest district centre. It is in the process of being updated.

4.3 As part of preparatory work for a masterplan for Cirencester Town Centre, the Council has commissioned consultants to prepare evidence that will inform a feasibility study. The outputs from this work will provide an insight into the likely rate of sectoral change in the high street economy.

4.4 Although the evidence-gathering work noted above focuses on Cirencester, the general issues are common to all the district's town centres.

Sustainability Appraisal Scoping Document

4.5 Key sustainability issues are identified at this early stage as:

> In social terms: ensuring that town centres retain their important role as community hubs through ensuring that they are resilient, flexible and adaptable to change.
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> In environmental terms: ensuring that the built and historic environment of town centres does not suffer degradation as a result of economic decline. Ensuring that town centre infrastructure is upgraded to enable full use of electric vehicles, thereby reducing airborne pollutants contributing to climate change. Ensuring that town centre infrastructure is able to support and encourage the use of public transport instead of private vehicles, thereby reducing airborne pollutants contributing to climate change.
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> In economic terms: ensuring that town centres are resilient to changes in the "traditional" retail-dominated high street to ensure their continued vitality and economic role. The changing nature of town centres in response to web-based commerce requires a fresh approach to the traditional mix of uses. Greater emphasis on leisure, employment, culture and residential uses and correspondingly less emphasis on retail may be required.

4.6 Assessing the effect that not updating the Local Plan will have, this category is labelled red (action needed), concluding that :

> A revised approach to planning for town centres is required if long-term deterioration and attendant social and environmental problems is to be averted or ameliorated. Local Plan policies EC7 and EC8 require revision to reflect the changing

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[2] The Grimsey Review (March 2016); The Grimsey Review 2 (July 2018); and Grimsey Review (Covid-19 Supplement for town centres) (June 2020)

[3] Cirencester Town Centre Health Check (November 2018)

nature of town centres. Policy EC9 should also be revised to include leisure and office proposals, as out-of-centre development of this type could have a negative impact on any revised strategic approach to town centres.

Cirencester town centre and other town centres may suffer a loss of vitality, which contributes significantly to their character, due to the changing retail landscape, unless new appropriate uses can be found.

5. Current Local Plan Policy

5.1 The context within which the relevant policies were formulated has changed significantly. At the time, there was a fairly rigid and long-standing approach to planning for retail and town centres, and the policies reflect that. The changes - as discussed earlier in this paper - have made this perhaps the most dynamically-evolving and uncertain policy area looked at in this Local Plan update.

5.2 The adopted Local Plan has several policies relating to retail and town centres:

- Policy S1 - Cirencester Town
- Policy S3 - Cirencester Central Area
- Policy EC7 - Retail
- Policy EC8 - Main Town Centre Uses
- Policy EC9 - Retail Impact Assessments
- The Local Plan Policies map defines retail designations

5.3 **Policy S1:** This policy allocates several town centre sites for residential, mixed use and a decked car park development. The retail-led mixed use developments may no longer be deliverable allocations for viability reasons. Further assessment is also being undertaken in relation to the quantum and location of public off-street car parking likely to be needed in future. This may result in the need to revise the plan to build a decked car park to replace some of the existing town centre public car parking sites.

5.4 **Policy S3:** Parts 2-4 of this policy include reference to Primary and Secondary (Shopping) Frontages. The NPPF no longer requires Local Plans to define these. As it is, the policy is not inconsistent with the NPPF. However, it is rendered ineffective by the new Class E and F uses classes.

5.5 Part 7 identifies the Brewery and Forum car parks as potentially favourable locations for retailing. Part 9 sets out that, wherever possible, redevelopment of town centre sites should be encouraged to contribute towards the town centre's employment base, including class B1 office provision. Part 12(a) also seeks to maintain 'active' street frontages. Class B1 is now subsumed within Class E - premises within this class may be capable of change of use to class C3 (dwelling houses) as permitted development.

5.6 **Policy EC7:** The evidence base for this policy is a 2016 retail study update[4] ~~.~~ In respect of the impact of internet-based shopping it says:

> Internet spending and other forms of sales which are not derived from physical floorspace need to be taken into account when undertaking retail studies. Special

[4] Cotswold District Retail Study Update 2016 (GVA Bilfinger, June 2017)

Forms of Trading ('SFT'), includes all types of non-store retailing (internet, markets and mail order) and in 2015 was equivalent to 13.4% of total retailing (16% for comparison goods and 8.9% for convenience goods). In 2021, Experian predict that non-store sales (SFT) will reach 18.2% of total retail, growing steadily to around 20.4% by 2031.

5.7 Experian's Retail Planner Briefing Note 18 (October 2020)[5] states:

After easing in 2021, we expect the SFT (special forms of trading (SFT) market share to continue to grow strongly in the mid-term, hitting around 30% in 2027. The pace of ecommerce is anticipated to moderate over the longer term, reaching 35% of total retail sales by 2040.[6]

5.8 This latest Experian update does not take account of the new Class E and F use classes or the Class E to residential permitted development right (see Section3 above), the effect of which may be to further accelerate the trend to online retailing.

5.9 In some respects the opening line of policy EC7 sums up the current difficulty with the policy stance: 1. *The retail hierarchy in Cotswold District is set out below and will be the focus for the provision of main town centre uses.*

~~5.10~~ It is acknowledged in supporting text that "main town centre uses as defined in the NPPF include retail development, leisure, entertainment facilities, intensive sport and recreation uses, offices and arts, culture and tourism development". But the policy justification makes clear that "the concentration of a variety of shopping and other services within a Centre is a major component of maintaining its vitality and viability. Growth and enhancement in these locations is considered to be the most effective strategy for improving the overall economic performance and competitiveness of the District." In other words retail is the anchor use around which everything else should revolve.

5.11 Policy EC7 provides a four-tier hierarchy of 'town centres', which designates ten centres across the district. This provides the focus for the provision of main town centre uses. However, the policy is predicated on a strategy of "*growth and enhancement"* as the most effective way of improving the overall economic performance and competitiveness of the District, and, as noted above, it centres on retail as the lynchpin of the entire town centre policy approach. Although the Council has not commissioned a further update of its evidence base, the quotations above from Experian confirm that the planning context of retailing is rapidly changing. A strategy of consolidation of town centres and greater flexibility to enable diversification increasingly appears to be more appropriate.

5.12 **Policy EC8:** This policy remains consistent with the NPPF. It is fundamentally a restrictive/protective policy designed to ensure that planning for "main town centre uses", as defined, observes a sequential hierarchy from the primary shopping area to the town centre, and thence from the edge of centre to the out-of-centre. Maintaining the sequential approach to planning for main town centre uses will be important in safeguarding town centre vitality and viability. It will ensure that any new developments are directed towards town centres

[5] This appears to be the most recent update
[6] Chichester Retail Study Update Report Nov. 2020 para 2.15

where possible, instead of less suitable sites outside town centres that would otherwise draw footfall away.

5.13 **Policy EC9:** Having regard to the need to maintain the spatial hierarchy / strategy set out in Policy EC7, it is consequently necessary to maintain an amended version of this policy. Impact Assessments must be made where a proposal for retail, office or leisure development is over a certain threshold in terms of floorspace and is located outside the designated town, key, district or local centres boundary. The extant policy refers only to retail impact assessments. It will need to be amended accordingly.

5.14 The Review of the Local Plan policies notes that policies EC7 and EC8 require updating for the reasons set out at section 3 above.

Policies Map

5.15 The Local Plan policies map will need to be updated to reflect several changes. The Primary and Secondary Frontage should be deleted so that the policies map reflects national policy. Consideration will also need to be given to whether the extent of the primary shopping area and town centre boundaries should be reviewed to reflect changing nature of the high street[7], which would also need to be reflected on the policies map.

6. Potential policy responses

5.16 The high street is under threat from at least three discrete angles:

- internet shopping and related effects including high street premises being used for "showrooming";
- legislative change; and
- the potentially lasting effects of the Covid-19 pandemic on working practices.

5.17 Rather than attempting to put the genie back in the bottle, the policy approach needs to be one that is fundamentally about diversification of town centre uses rather than relying on an anchor use - retail - to hold everything together. Town centres are at the heart of a community, providing an identity and a vibrant hub around which the town revolves. The job of planners is to ensure that that remains so. Retail will always be a significant element of the town centre offer - more prominent in some towns than in others perhaps - but it can no longer be the primary policy focus.

Opt 1:

Policy Approach	Discussion of impacts, effectiveness etc - justification
(A) **Preferred Option**: new strategic policy that sets out key requirement for NDPs to consider preparation of town centre plans where their	Responds to LP Review. Each town centre in the district to have its own town centre plan to guide and inform its response to rapid change. The Local Plan Update to set

[7] As per the NPPF (2019) Town Centre definition, references to town centres or centres apply to town centres, district centres and local centres and so include all defined centres set out in Local Plan Policy EC7

administrative area includes a key settlement as defined in the Local Plan Alternatively include requirement in any NDP policy that is developed.	out a strategy (in the form of a strategic policy) to guide this, with criteria including a common methodology and measurable objectives. Targets for development of a quantum of specific residential property types may also be included.
(A1) Preferred Option: amend the extant policies to reduce the prominence of retail as the keystone of town centre policy while maintaining the sequential test for the development of "main town centre uses". Consider including certain classes of residential use as a locally-defined "main town centre use". Explore possibility of maintaining a balance between all the identified "main town centre uses" in a given town centre to ensure that change is tightly controlled.	Responds to LP Review. Try to retain as much of the existing policies as possible while reducing the primacy of retail. This could actually be melded with Preferred Option A to form one option with two or three elements to it.
(B) Alternative Option: await greater economic stability and certainty before amending policy approach in a full revision of the Local Plan.	At present the economy is vulnerable to uncertainty caused by the pressures of Covid-19 on working practices, Brexit, Class E and the rapidly changing "traditional" high street. It may be wiser to await a calming of the storm before deciding on setting a new course. Largely leaving things until a full review of the Local Plan may be the wisest action. To some extent this is the approach taken by (A1) although that option does take a step towards loosening the grip of retail.
(C) Rejected Option: Do nothing.	In terms of the Update this is the same option as (B). But (B) is advocating postponement until a full review of the Local Plan, whereas (C) would see no change from the adopted Plan. In the face of the known changes this is an untenable option.