

Retail and Town Centres Policy - Advice to East Herts District Council following the meeting held on 14th October 2014: Draft Report

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1. Introduction

- 1.1 This report has been prepared by PBA (Ed Salter) as a supplier to PAS on behalf of PAS and in response to a request from East Herts District Council planning officers for support in the preparation of their Local Plan retail policies. The required support is specifically in relation to providing a critical examination of the emerging policies to ensure that they are not only robust and reflective of relevant national policy but are also responsive to changing business needs and patterns of retail behaviour.
- 1.2 This report follows the key requirements set out in the brief and a discussion held with officers on 14th October 2014. Advice is provided in accordance with the PAS service offer. The report starts by setting the context for the advice note, namely retail trends at a national level and the National Planning Policy Framework (NPPF). It then discusses retail trends and shopper patterns in East Herts, before providing advice on the development of emerging retail policies and specific actions that may be required to respond to change in each of the centres.

2. Drivers of town centre change

- 2.1 In order to understand how to plan for town centres it is important to first understand key trends in the way people shop, what they look for, how retailers are responding to these changes and how centres are changing at a national level. The following sections set out some of the key trends that are, or will, impact on town centres.

Downturn in the Economy

- 2.2 The sustained downturn in the economy, which started in the last quarter of 2008, and recent period of recession has in part resulted in clear structural changes to the retail landscape in the UK, with a number of high profile retailers entering administration, and discount-end retailers increasing in representation. The downturn has also affected consumer spending, with a greater reluctance to spend amongst consumers on non-essential goods. As a result, the forecast levels of spending growth are subdued.
- 2.3 The economic downturn has also resulted in investors being more cautious. Developers are seeking to play competing centres against each other to secure the

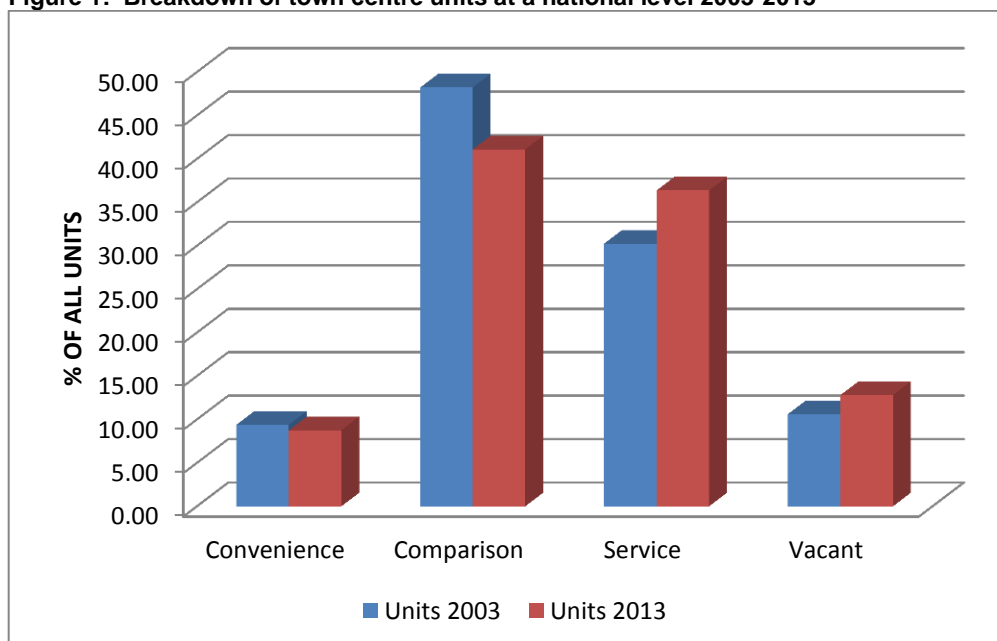
best deal for their outlet or scheme. Nationally, many planned large new retail developments have been suspended until the economy returns to stability.

- 2.4 However, there are some signs that momentum is returning to the retail market, especially for schemes which include some of the stronger performers in the market. There is also considerable development activity by foodstore operators, which has continued throughout the economic downturn.

Polarisation Trend in the UK

- 2.5 The ‘polarisation trend’ is a significant and long-term trend which has been taking place in UK retail in recent years, and is expected to continue in the short to medium term. It refers to the preference of retailers to concentrate trading activities in larger schemes, within larger centres. Retailers recognise that greater efficiency can be achieved by having a strategic network of large stores offering a full range of their products, rather than a network of smaller-format stores which are only able to offer a limited range of products. Increasingly therefore retailers are seeking to serve larger population catchments from larger stores – and this explains why demand for space at recent major shopping centre openings has been high, whilst demand for premises in small and medium-sized locations has been weak. This trend is highlighted to an extent in Figure 1, which shows how comparison units as a proportion of all town centre units declined between 2003 and 2013, whilst the service sector, driven predominantly by leisure uses, expanded.

Figure 1: Breakdown of town centre units at a national level 2003-2013



Source: GOAD 2003 and 2013

- 2.6 The 'polarisation trend' is also driven by customers, who have become more discerning and are increasingly prepared to travel further afield. There is therefore a concentration of comparison goods expenditure in a smaller number of larger centres. CBRE estimated that by 2008 half the population shopped in just 70 or so major locations, down from 200 locations 30 years ago¹. This concentration of retailing activity poses challenges for the medium and smaller centres, in many cases requiring them to potentially refocus their role and function away from solely being shopping destinations to incorporate a much broader retail, leisure, culture and residential offer.

The continued growth of online retail

- 2.7 UK internet and non-store based retail sales have increased at a rapid pace in recent years.
- 2.8 The increase in e-retail is due to convenience, lower prices than those in stores and shoppers are able to search out bargains including second-hand goods. Growth rates have also been much higher with the gap widening over the past few years as retailers expand product offerings, add in store pick options and experiment with social media. Therefore, whilst sales in traditional High Streets have suffered as a result of the economic downturn, online sales have consistently increased.
- 2.9 While unfavourable economic conditions are forcing retailers to scale back on physical retail space, their online operations allow them to reach a much wider customer base. There has also been recent growth in the 'Click & Collect' method of online shopping - whereby a customer orders and pays for the desired product online, and then collects it from the nearest large branch of the retailer.
- 2.10 Current forecasts from Experian suggest that online shopping on convenience goods is likely to increase over the next 20 years, but in the case of comparison goods, peak at 16 percent between the years of 2022 and 2024, and then marginally decrease. In the period to 2017, Experian consider that non-store retailing will increase at a faster pace than total retail sales. Experian comments that 'Our assumption that after 2018 internet shopping grows in line with total retail sales reflects the maturing of the market as the number of computer-literate adults reaches saturation point'.
- 2.11 The growth in online retail does not equate to a redundant future for 'bricks and mortar' stores. There is a role for physical outlets to act as 'showrooms' for online retailers. However, it does mean that the role and function of high streets - particularly those outside the higher-order shopping centres - are likely to need to consider uses beyond that of traditional retail activity in order to remain vital and viable.

¹ CBRE UK Retail Briefing, September 2008

Changes in the convenience goods sector

- 2.12 Large foodstores (i.e. typically those with a net retail area of at least 25,000 sq.ft / 2,300 sqm) have historically been the primary driver of growth in the convenience goods sector. Growth in floorspace of these large foodstores continued up to and throughout the economic downturn, with a typical 3-4% increase in floorspace per year. Floorspace in smaller stores (smaller-format supermarkets/ convenience stores) has historically declined, whilst floorspace in food specialists (i.e. independent bakers, greengrocers and so on) has also typically reduced. However, this trend has changed as we now explore.
- 2.13 For the most part, the convenience goods sector has been unaffected by the economic downturn - indeed it has often been the beneficiary of floorspace becoming available in town and city centres as a result of comparison goods retailers entering administration. For example, Iceland acquired 57 former Woolworths stores in early 2009, and recently Morrisons acquired a number of stores formerly operated by Blockbuster as part of their 'M Local' network of smaller-format stores.
- 2.14 These acquisitions are reflective of a recent move by convenience goods operators away from opening larger-format stores towards smaller supermarkets and establishing a network of 'top up' convenience goods shopping facilities, often located in town centres.
- 2.15 Verdict Research comment that: *'The second dip of the double-dip recession in 2012 has knocked consumer confidence and shoppers are sticking more tightly than ever to their budgets. They are shopping little and often and sticking more tightly than ever to their budgets... increasing fuel prices, deterring out-of-town trips, and the move towards online food shopping each feed into this trend towards top-up shopping. Out-of-town space is increasingly difficult for grocers to make profitable'*.
- 2.16 Verdict add that: *'The convenience sector is growing ahead of the overall food & grocery market, and small stores are benefiting. The trend towards local shopping is keeping shoppers closer to home and in smaller stores for their food & grocery spend. Multiples have responded by rolling out further c-stores in the case of Tesco, Sainsbury's and Waitrose, or by introducing new formats in Morrisons' case'*.
- 2.17 Verdict consider that the proportion of convenience goods floorspace which will be accounted for by 'smaller stores' will increase from 37.6% in 2007 to 41.6% by 2017. The majority of floorspace will continue to be accounted for by 'superstores' (53% of floorspace by 2017), with 'food specialists' and off-licences continuing to have their market share reduced.

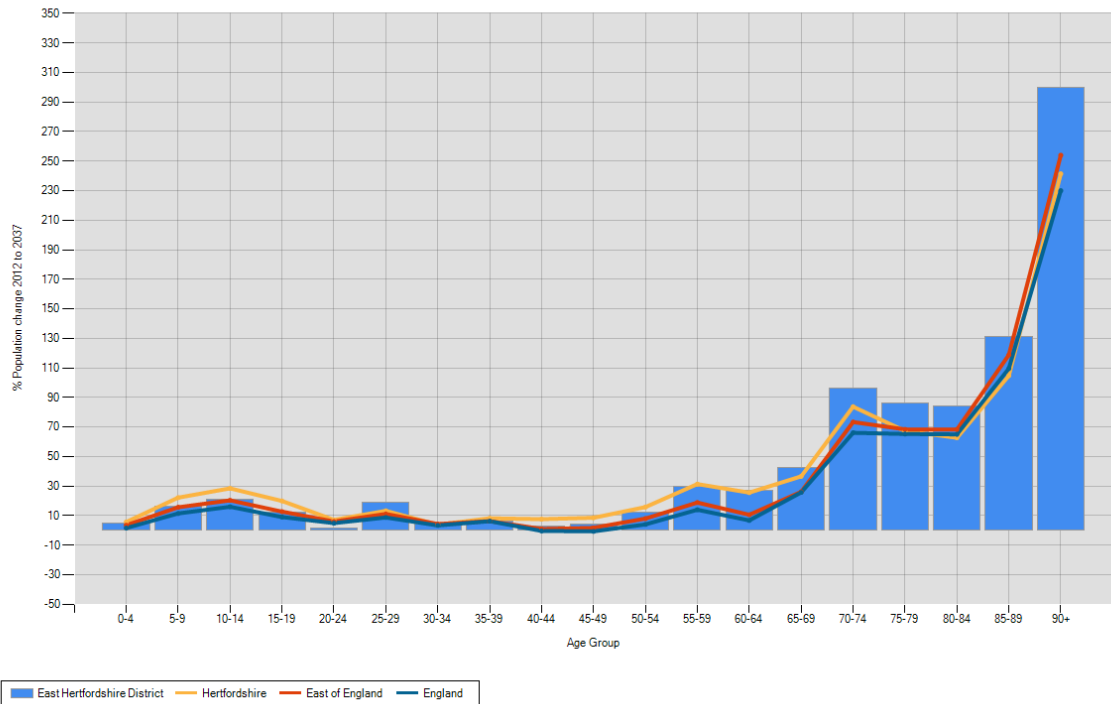
The growth of commercial leisure in town centres

- 2.18 Most commentators predict that commercial leisure, such as cafes, bars, restaurants and cinemas, will constitute a growing share of town centre floorspace. This is partly a replacement activity for reduced demand for space for traditional retail, and partly driven by a shift to increased spending on leisure services as discretionary household expenditure rises.
- 2.19 When considering leisure expenditure available to households, spending on food and drink typically accounts for upwards of 50% of total leisure spending, compared to around 15% on 'cultural services' (e.g. going to the cinema, theatre, art galleries or live music) and under 10% on hotels, 'games of chance' (such as bingo) and recreation/sporting services. There is scope for town centres to capitalise on this, redefining their function as 'destinations' in their own right. This, in turn, can have wider positive implications on the performance of the town centres in question: residents and visitors spend longer in the centre, undertake 'linked trips' between retail, leisure and other uses, and increase their dwell-time in the centre. The development of a strong commercial leisure offer can also help to increase footfall outside of retail hours, for example in early evenings, particularly if the leisure offer also includes facilities such as cinemas.

Changing consumer base

- 2.20 The percentage of the population aged 65 and over is projected to increase by between one fifth and one quarter in all regions by mid 2022. In East Herts the population as a whole is forecast to increase by 23.9% by 2037, driven by a significant rise in the over 65 year olds (see Figure 2).
- 2.21 It is difficult to predict what this will mean for retailing, however, it can be assumed that although the older age groups will want many of the goods and services sought by the younger age groups they will have less disposable income. Furthermore, an ageing consumer base is likely to lead to a growing demand for safer and cleaner local environments for socialising and leisure activities, with a focus on facilities such as cafes and community centres. At the same time, a fall in numbers in the younger age groups may result in less demand for bars etc.

Figure 2 % population change by age group in East Herts by 2037



Source: Herts LIS derived from ONS 2012 based population estimates

What does this mean for UK town centres?

- 2.22 Many town centres face the issue of having too much town centre retail floorspace given recent retailer failures, corporate portfolio rationalisation, high vacancy rates and the impact of the structural shift in consumer shopping patterns caused by the rapid growth in online retail. Furthermore, the growth of multi-channel shopping will continue to divert trade from bricks and mortar retailing for at least another decade.
- 2.23 The impact of these changes will affect centres differently depending on their function and future growth of expenditure in their catchment areas. However, in the future many towns will require a smaller, more focused retail core, repositioned for future consumer and retailer needs - and not focused on the past. Their functions will need to be rebalanced to provide a broader range of alternative functions, including employment, commercial, leisure, community, residential, healthcare and education.

3 Planning for East Herts town centres

3.1 Introduction

Before making recommendations on the emerging East Herts Local Plan retail policies it is important to establish the Government's position on protecting the vitality and viability of town centres. We then examine recent trends in retail and leisure provision in East Herts town centres before discussing and making recommendations on retail policies and strategies.

4 National Planning Policy

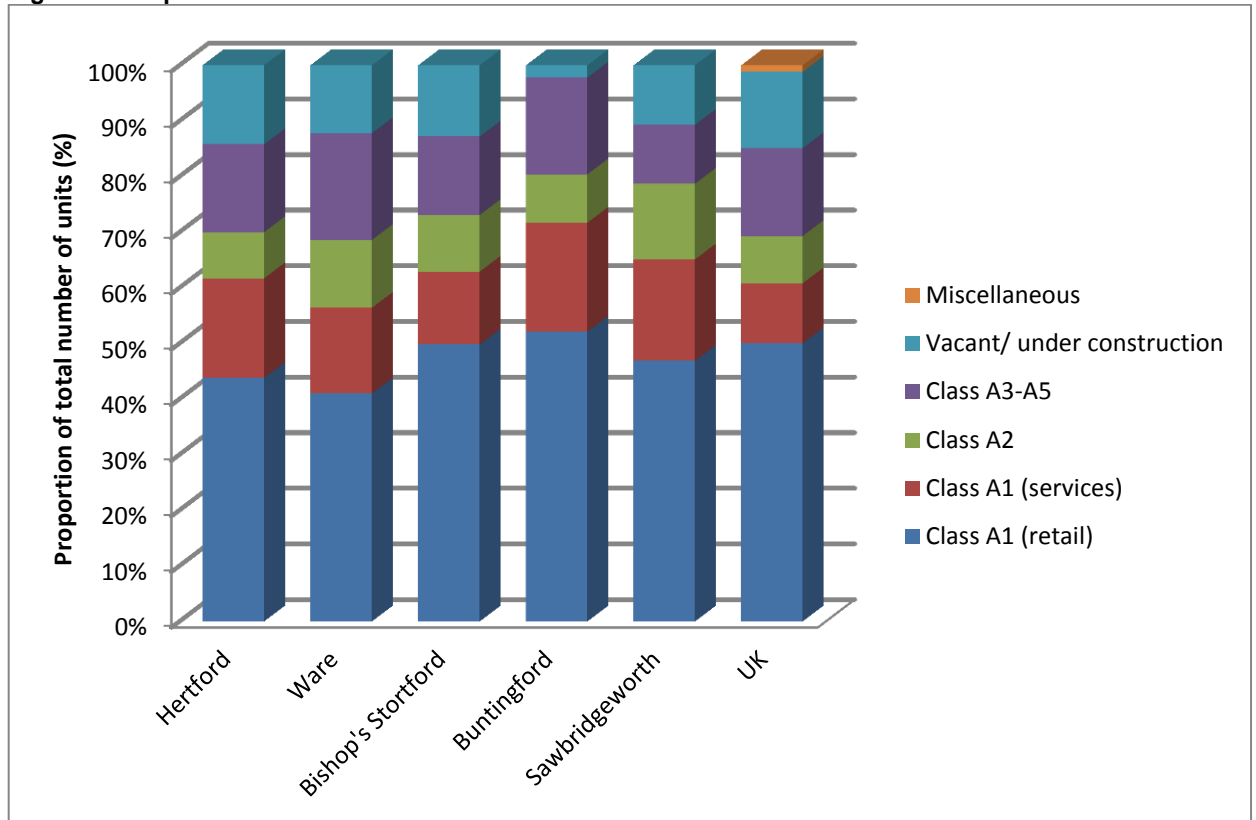
4.1 Local Plan retail policies should be developed in accordance with the National Planning Policy Framework (NPPF) and the Planning Practice Guidance (PPG). The NPPF sets out policies for 'ensuring the viability of town centres', which support the role and function of town centres as the heart of the local community, and promote their continued vitality and viability. Paragraph 23 of the NPPF states that '*planning policies should be positive, promote competitive town centre environments and set out policies for the management and growth of centres over the plan period*'. In drawing up Local Plans, Local Planning Authorities (LPAs) should '*define the extent of town centres and primary shopping areas, based on a clear definition of primary and secondary frontages in designated centres, and set policies that make clear which uses will be permitted in such locations*'.

4.2 The NPPF identifies that Local Plans should be based on a proportionate evidence base. Plans should be based on '*adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of an area*', taking full account of relevant economic and market signals. Local Plans should indicate land use designations (such as primary shopping areas and frontages) on a Proposals Map, and also '*identify areas where it may be necessary to limit freedom to change the use of buildings, and support such restrictions with a clear explanation*'.

5 East Herts town centres – the current position

5.1 The drivers of town centre change have already started to take effect in East Herts centres. Figure 3 highlights that the range of uses in each of the centres is more diversified than the national average. Analysis of GOAD data suggests that Hertford, Ware and Sawbridgeworth have a lesser proportion of retail units than the national average, while Bishop's Stortford and Buntingford are on a par with it. In contrast, each of the centres has a greater proportion of estate agents and financial and professional services (A1 services and A2) than the national average, and the larger centres in particular have a high proportion of restaurants, pubs and takeaways (A3, A4 and A5).

Figure 3: Proportion of total number of town centre units in different use classes 2012



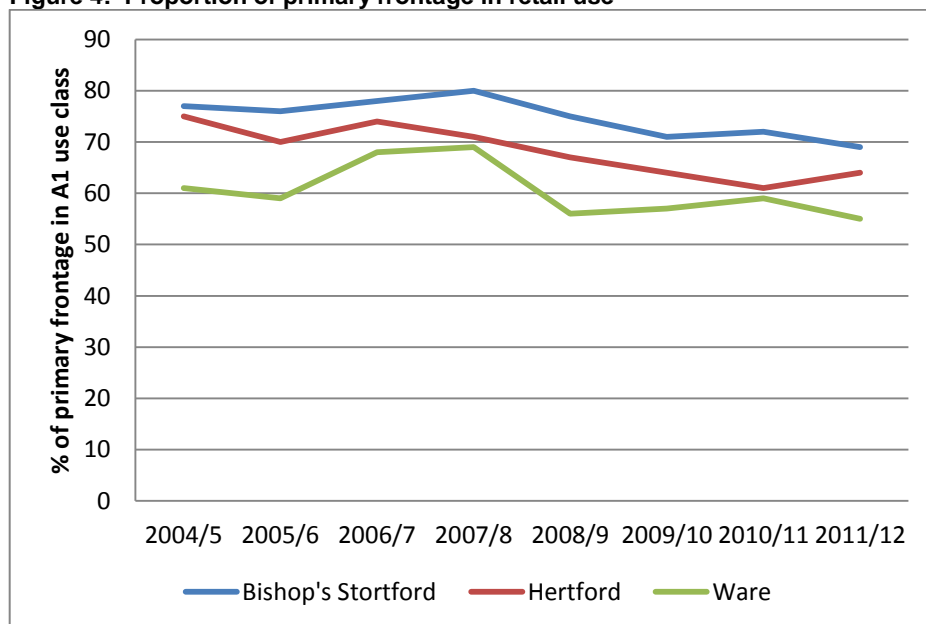
GOAD Plans 2012

- 5.2 Analysis of East Herts DC Annual Monitoring data reveals an overall decline in retail units as a proportion of all primary frontage for Bishop's Stortford, Hertford and Ware (see Figure 4). In the case of Bishop's Stortford and Hertford the change is close to a 10% shift to other uses. The proportion of A1 retail uses now stands at between 55% in Ware and 69% in Bishop's Stortford as a proportion of all primary frontage uses.
- 5.3 The decline in retail units as a proportion of all units in secondary frontage areas has not been as great as recorded in the primary frontages (see Figure 5). The proportion of retail uses stand at 48% and 49% in Hertford and Bishop's Stortford centre secondary frontage areas respectively (see Figure 6). The proportions of retail uses in the secondary frontages of Buntingford and Sawbridgeworth are 44% and 40% respectively, although it should be noted that these centres do not have primary frontages. In contrast, however, only 28% of the secondary frontages in Ware are in retail use, falling from over 40% in 2004/5.
- 5.4 Based on these trends, which were established before the recession and taking account of the drivers for change, it can be predicted that, in the absence of restrictive planning policy to protect retail space, this trend in the diversification of town centre uses across primary and secondary uses would continue. However, should the

restrictive policies remain in place it could be predicted that numbers of vacant units could potentially grow as a proportion of all units.

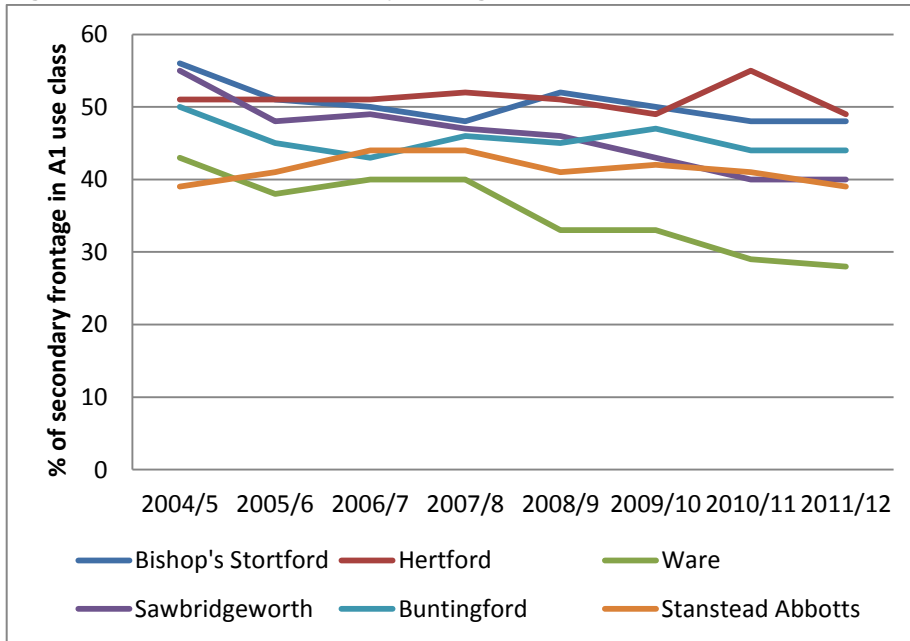
- 5.5 Figure 6 show the proportion of primary and secondary units in each of the town centres that are vacant. These figures are derived from a 2014 survey undertaken by East Herts Council, with the UK average centre vacancy rate derived from GOAD included for comparison purposes. This shows that, apart from the secondary frontage of Bishop’s Stortford which experiences a 20% vacancy rate, the East Herts centres are performing relatively well in comparison to the UK average vacancy rate (12.6%). However, this comparison is relatively misleading as the UK average vacancy rate is for centres as a whole and will therefore have likely been skewed by high vacancy rates in less commercially attractive secondary frontage and non-frontage areas. Taking this into account, the vacancy rate in the primary frontage areas of Hertford in particular is of some concern.

Figure 4: Proportion of primary frontage in retail use



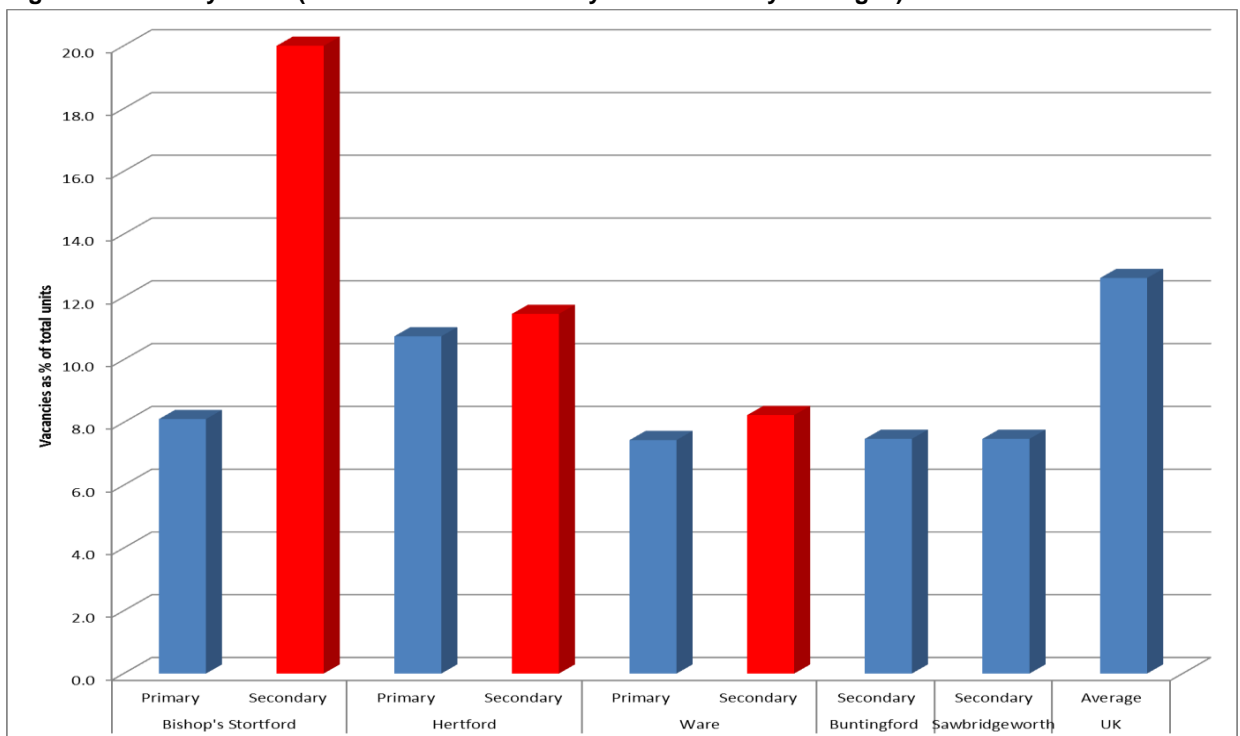
East Herts DC Annual Monitoring Report 2004-2012

Figure 5: Proportion of secondary frontage in retail use



East Herts DC Annual Monitoring Report 2004-2012

Figure 6: Vacancy Rates (% of total units in Primary and Secondary frontages)



East Herts DC 2014

6 Future floorspace requirements

6.1 The East Herts Retail and Town Centres Study Update undertaken by NLP in 2013 provides forecast retail floorspace requirements for the district to 2031. The estimates, which take into account population, expenditure and online purchasing forecasts, as well as existing retail commitments, highlight requirements for 7,120 sqm net of convenience and 5,787 sqm net of comparison floorspace over the Plan period. As a result of suppressed expenditure growth forecasts, coupled with increasing use of online shopping, the bulk of both the convenience and comparison floorspace requirements are not required until after 2026. It is important to note that, due to the length of the Plan period, a cautious approach should be taken with regard to the forecast floorspace requirements beyond 2024.

6.2 The East Herts Retail and Town Centres Study Update also splits the estimated floorspace requirements across each of the town centres in the district. The figures (shown in Table 1) indicate potential for 2,770 sqm net of convenience space in Bishop's Stortford and very limited requirements in the other centres. In contrast, the bulk of comparison floorspace requirement to 2031 is attributed to Hertford (2,939 sqm net), with limited requirements elsewhere.

Table 1: Convenience Goods Floorspace Capacity 2013-2031 (sqm net)

| | 2013 | 2016 | 2021 | 2026 | 2031 |
|--------------------|------------|---------------|--------------|--------------|--------------|
| Hertford | -298 | -1,042 | -669 | -199 | 325 |
| Ware | 149 | -426 | -160 | 179 | 555 |
| Bishop's Stortford | 275 | -279 | 557 | 1,600 | 2,770 |
| Buntingford | -143 | -130 | 20 | 210 | 422 |
| Sawbridgeworth | 746 | 802 | 927 | 1,082 | 1,255 |
| Other | 0 | -144 | 385 | 1,050 | 1,793 |
| Total | 728 | -1,218 | 1,060 | 3,922 | 7,120 |

East Herts Retail and Town Centres Study Update 2013

Table 2: Comparison Goods Floorspace Capacity 2013-2031 (sqm net)

| | 2013 | 2016 | 2021 | 2026 | 2031 |
|--------------------|------------|---------------|---------------|-------------|--------------|
| Hertford | n/a | 90 | 740 | 1,775 | 2,939 |
| Ware | n/a | -602 | -318 | 134 | 642 |
| Bishop's Stortford | n/a | -8,735 | -6,363 | -2,656 | 1,519 |
| Buntingford | n/a | 5 | 57 | 139 | 231 |
| Sawbridgeworth | n/a | 4 | 47 | 114 | 191 |
| Other | n/a | 25 | 81 | 168 | 266 |
| Total | n/a | -9,214 | -5,757 | -326 | 5,787 |

East Herts Retail and Town Centres Study Update 2013

- 6.3 In addition to retail floorspace requirements, the East Herts Retail and Town Centres Study Update states in paragraph 4.20 that 'it is reasonable to assume that there will be scope for a further 20% floorspace that could be occupied by Class A3 to A5 uses'. It goes on to state that, 'given the relatively low proportion of Class A3/A5 uses in some centres, it may be appropriate to adopt a more flexible approach towards uses that will complement the retail offer of the town centres'.

7 What does this mean for East Herts centres?

- 7.1 The review of town centres in East Herts reveals a similar picture to the national retail trends discussed earlier in this report, particularly with regard to A1 uses being changed to A3 to A5 uses, coupled with increasing vacancy rates. Furthermore, the fundamental changes in the way people shop and the stifled expenditure growth forecasts, have had a significant impact on the retail floorspace requirements over the course of the Plan period. Indeed, between the 2008 Retail and Town Centres Study and the 2014 Update, the net comparison floorspace requirements fell for Bishop's Stortford from 33,306 sqm net (for 2008 to 2021) to 1,519 sqm net (for 2013 to 2031) and from 13,476 sqm net (2008-2021) to 2,939 sqm net for Hertford.
- 7.2 In summary, the demand for retail floorspace in East Herts has slowed, and will remain suppressed for the foreseeable future. However, the demand for town centre floorspace is changing, with increased take-up by restaurants in particular. It is important that East Herts retail policies take account of these trends, as well as changing retailer and consumer requirements, in order to ensure that its centres remain vital and viable.

8 East Herts policy responses

- 8.1 This section appraises the approach and robustness of emerging retail policies in the Draft District Plan in accordance with the NPPF and taking account of retail trends. It also discusses actions that the Council and partners could potentially pursue in order to gain greater control of the destiny of its centres.

Primary and Secondary Frontage policies

- 8.2 The draft primary and secondary frontage policies included in the East Herts Draft District Plan – Preferred Options Consultation 2014 are set out below in summary:
- RTC3 Primary Shopping Frontages – In order to protect the vitality and viability of the Primary Shopping Areas, within the Primary Shopping Frontages in Bishop's Stortford, Hertford and Ware.....proposals for the loss of A1 uses will be resisted where this would result in more than 30% of units in a continuous frontage in non-A1 use;

- RTC4 Secondary Shopping Frontages – Within the Secondary Shopping Frontages in Bishop’s Stortford, Buntingford, Hertford, Sawbridgeworth and Ware.....proposals for development or changes of use to those listed in Policy RTC1 will be supported in principle, where this does not lead to more than 50% of units in non-A1 use in a continuous frontage, and does not prejudice the viability of existing A1 uses.

- 8.3 The wording of these policies could be described as restrictive as opposed to being supportive of positive change. To some extent market conditions will dictate which uses go where in East Herts town centres. For example, the primary frontage areas of Bishop’s Stortford, which attracts zone A rents of approximately £850 per sqm², and Hertford (£600 per sqm) will generally be more affordable for A1 and A2 users. In contrast, the Secondary Frontage areas of Bishop’s Stortford and Hertford will be more affordable to independent retailers, restaurants and take-aways. Whilst this is the case, however, a policy that is designed to protect a high percentage of A1 retail uses in the primary and secondary frontages has the potential to stifle market demand and result in high vacancy rates. This in turn has the potential to undermine centre vitality and viability.
- 8.4 As an alternative the Council could consider tightening the primary frontage boundaries of the key towns and restricting them solely to A1 and A2 uses in order to drive up the quality of the retail offer and to gain greater influence on which uses go where. Coupled with this, the reduction in the size of the secondary frontages to allow peripheral units to revert to housing could also be considered where there is considered to be too much commercial stock. This could be potentially be considered in Bishop’s Stortford where the secondary frontage vacancy rate is currently at 20%, as well as in the smaller towns where some stock has already been converted to residential use.
- 8.5 However, it is recommended that East Herts Council retain their boundary definitions and adopt more positive and flexible retail frontage policies in order to reflect changing market conditions and to attract a wide range of people at different times of the day. With regard to primary frontages, it is recommended that the Council adopt a policy that supports in principle all A use classes (i.e. A1 to A5) provided that they have active frontages. Offices and residential uses should also be encouraged above ground floors in order to help add to footfall and vibrancy. Furthermore, with regard to secondary frontage areas, it is recommended that all town centre uses, as listed in draft Policy RTC1³, are supported in principle in defined secondary frontage areas. It is

² NLP (2013) East Herts: Retail and Town Centres Study Update

³ Draft Policy RTC1 of the East Herts Council Draft District Plan – Preferred Options Consultation 2014 supports the following uses in principle: A1 (shops); A2 (financial and professional services); A3 (restaurants and cafes); A4 (drinking establishments); A5 (hot food takeaways); B1a (offices); C1 (hotels); D1 (non-residential institutions); and D2 (assembly and leisure).

important to remember that just because a unit within a primary and secondary frontage designation may change use from retail to another town centre use it does not mean that it cannot revert back to A1 use if market demand returns.

9 Influencing physical change in Hertford

- 9.1 It is clear that the vitality and vibrancy of Hertford town centre is of particular concern to Council officers and elected members. This concern has been heightened by pressure from developers to bring forward out-of-town retail proposals. The extent to which Hertford can adapt to accommodate the future retail trends identified in section 2 of this report, most notably with regard to providing the type of premises required by multiples, is constrained in part by the historic layout of the centre and its buildings. This creates a shopping environment that does not have a clearly delineated high street focus and unit footprints that are not suited to modern multiple retailer requirements.
- 9.2 Bircherley Green Shopping Centre represents the only significant opportunity for large scale redevelopment in Hertford town centre. The scheme being proposed for the Shopping Centre will introduce a larger anchor foodstore, retail and restaurant units as well as 124 apartments. Without taking design issues into account, the mix of space, combined with residential uses will help to drive footfall throughout the day and respond to multiple retailer requirements. This development alone, provided a suitable anchor tenant can be attracted, has the potential to act as a catalyst for attracting investment in the wider centre.
- 9.3 Achieving the right tenant mix and positive change in the rest of the town centre will however be difficult whilst different units are in separate ownerships. Without investor engagement it is likely that it will be much more difficult for the Council to manage the changes in the town centre that are already underway. That said, by establishing town centre management teams and/or Business Improvement Districts (BIDs), other town centres across the UK have been successful in delivering a range of short term projects that can help to drive footfall and attract investment.
- 9.4 Whilst Hertford town centre already has a marketing website and hosts regular street markets it does not have an overall strategy that sets out what changes are required and why. It is important that a vision document and strategy for the town centre is put in place that sets out both short term and more aspirational development projects. It is therefore recommended that the Council facilitate the development of the vision document in partnership with the business community (potentially in the form of a BID) and the residents of the town.
- 9.5 It is recommended that the Council work in partnership with investors, developers and a range of partners to deliver the vision strategy. Furthermore, the Council could

consider investing in major developments that meet vision objectives and that enhance vitality and viability, potentially through prudential borrowing and/or the leverage of private sector investment. Coupled with this, the Council could put in place an acquisition strategy to achieve these goals, although Compulsory Purchase Orders may need to be implemented. In addition, it is recommended that the Council work in partnership with the County Council and independent consultants to develop a new public realm and accessibility strategy and investment plan for the centre to help enhance the shopping experience for all.

- 9.6 Alternatively, in order to gain greater control and the ability to influence longer term change, the Council could take on a role in consolidating the ownership of the centre. Single control would enable an optimum retail policy to be pursued; would enable a reduction and re-configuration of units, where necessary; and it would enable better place-making to be achieved around agreed public policy objectives.
- 9.7 The step by step process which could potentially be applied to Hertford, could involve:
- East Herts Council prepares a planning framework for regeneration of the town centre which is consulted on and adopted. This would be driven by a clear vision for its transformation which could include addressing key opportunity sites, environmental improvements, a non-retail strategy and a plan to achieve the optimum mix and targeting of key tenants.
 - A competition to select an investor partner would be carried out in a very similar way to which development partners are selected for town centre redevelopment;
 - The parties enter into a management agreement, which sets out the aims and scope of the 'managed changes' that the process intended to achieve.
 - The acquisition costs are picked up by the investors and the freehold becomes vested in the Council in the normal way. The process would not involve granting a developer a long lease with obligation to develop an agreed scheme – but a new head lease of the existing interest giving them control.
- 9.8 This approach is easier said than done but similar moves to bring centres under single ownership have helped to deliver significant improvement elsewhere. One such example is Marylebone High Street, which is, like Hertford, constrained by its historic fabric. Over the years the Howard de Walden estate has successfully secured the ownership of more than 70% of the units and has set about delivering its vision of a street lined with coffee shops and ladies fashion stores, and kick started by Waitrose as an anchor tenant.

10 Should the Council seek to allocate additional land?

- 10.1 Tables 1 and 2 in this report, which are derived from the East Herts Retail and Town Centres Study Update 2013, set out the quantified comparison and convenience floorspace requirements based on projected surplus expenditure to 2031. Based on the small quantum of retail floorspace requirements the Council has not decided to allocate additional land for retail use in or adjacent to its town centres.
- 10.2 This approach is considered to be appropriate. However, it should be noted that Experian growth forecasts for comparison and convenience expenditure, as well as levels of online purchasing, are updated on an annual basis. As the economy adjusts post-recession expenditure forecasts are still fluctuating. For example, since the 2013 study was completed Experian have revised their long term expenditure forecasts for convenience goods downwards, whilst comparison expenditure forecasts have grown. It is likely therefore that there is now an increased requirement for comparison floorspace over the East Herts Plan period.
- 10.3 It is not necessary for a complete retail study update to be commissioned. However, we would advise the Council to update the quantified convenience and comparison floorspace figures so that an assessment can be made as to whether the scale of growth warrants allocation/s. Even if the comparison floorspace requirements are adjusted upwards, as expected, it will not necessarily be suitable to allocate it in and around the town centres. Additional floorspace is already being planned in Bishop's Stortford and Hertford, whilst there is unlikely to be demand to deliver significant levels of growth in the other smaller towns. The new floorspace planned in Bishop's Stortford and Hertford will help them to retain their position in the sub-regional shopping hierarchy. However, changing existing shopping patterns, thereby reducing levels of leakage to larger towns outside the district, is unlikely to be possible unless major additional retail floorspace is provided.
- 10.4 Instead, it is recommended that, above and beyond the planned redevelopment proposals in Bishop's Stortford and Hertford, the Council and investment partners should focus on improving existing town centre stock and the public realm. It is considered that much of the quantified convenience and comparison floorspace requirement should be provided in the planned urban extensions in the form of local centres.
- 10.5 The East Herts Retail and Town Centres Update 2013 provides a recommended quantum of A1 to A5 floorspace for the Harlow North urban extension of approximately 9,000 sqm gross, including 4,327 sqm convenience and 2,000 sqm of comparison floorspace, with the remainder being met in non-retail service uses. The authors recommend that this total floorspace should be spread across three local/neighbourhood centres. PBA consider the methodology used to calculate the

floorspace requirement for North Harlow (as set out in Appendix 6 of the Update 2013) to be appropriate. This methodology is based on a four step approach comprising:

- Identifying the amount of expenditure currently available to shopping facilities within the area;
- Projecting available expenditure into the future, taking account of population change, growth in average expenditure per capita and forecast changes in shopping patterns;
- Estimating the proportion of available expenditure that will be retained in the catchment area that will be available to support retail floorspace;
- Converting available surplus expenditure into potential new floorspace.

10.6 It is recommended that the same methodology is adopted to determine an indicative floorspace requirement for local centres in the other proposed urban extensions that are not already committed. It is important however that existing retail provision is taken into account, and that the potential impact of each new local centre on the vitality and viability of existing centres is assessed, before a quantum of floorspace for the urban extensions is set out in planning policy.

11 District, neighbourhood centres and local parades

11.1 Emerging Policy RTC5 sets out that, in summary:

'1. Within District Centres, Neighbourhood Centres and Local Parades, development or change of use to the use classes listed in Policy RTC1 will be supported in principle, where they maintain an appropriate mix to secure the vitality and viability of the district centre or local parade and do not conflict with other policies'

11.2 District and Neighbourhood Centres and Local Parades perform a different role to town centres. They support the day-to-day needs of communities, including providing opportunities for top-up shopping, access to services and social interactions. In order to protect this role it is recommended that the Council adopt a policy that provides protection to the retail uses within them. It is therefore recommended that at ground floor level a minimum of 50% of frontage should be retained for A1 retail use in these centres.

12 Proposals for out-of-town retail schemes

12.1 Policy RTC1 (Retail Development) sets out thresholds above which retail impact assessments are required in support of out-of-town retail applications. These are:

- Over 1,500 sqm gross in Bishop's Stortford
- Over 1,000 sqm gross in Hertford

- Over 500 sqm gross elsewhere.

12.2 These thresholds are derived from paragraph 7.32 of the East Herts Retail and Town Centres Study Update 2013. However, the methodology used for these threshold recommendations is not provided in the text. On first sight these thresholds would appear to be high and will therefore need a robust evidence base sitting behind them.

12.3 In the absence of an evidence base we would advise the adoption of a simple methodology that involves obtaining unit size data for each of the town centres wherever possible, potentially from GOAD, and deriving the average size of units from it. The average size of existing units in each of the towns should be used to justify the threshold that is set.

13 Conclusion and recommendations

13.1 The UK retail environment has fundamentally changed over the last decade as a result of the recession, which has resulted in store closures, the polarisation of multiples to major centres and stifled consumer spending. Coupled with this there has been significant growth in online purchasing. As a result of this there is forecast to be less demand for retail floorspace than previously predicted, particularly in medium and smaller town centres. It is clear that town centres need to develop alternative functions to draw people back and support its retail base.

13.2 The mix of uses in East Herts town centres has been changing in recent years, with retail units gradually being replaced by restaurants and vacancies. In the larger town centres the primary frontage areas, which govern the higher rents, will continue to be taken up by a high proportion of retail businesses. However, in the absence of planning policy restrictions the secondary frontage areas will increasingly be taken up by A3, A4 and A5 uses and may experience high vacancy rates. In response to these trends it is recommended that the Council adopt primary and secondary frontage policies that are less restrictive than those identified in the Draft District Plan – Preferred Options. It is recommended that all A uses are supported in principle in primary frontage areas and that all town centre uses, as identified in draft Policy RTC1, are supported in secondary frontage areas.

13.3 The East Herts Retail and Town Centres Study Update has demonstrated that there will be limited demand for new retail floorspace over the Plan period. Despite this it is promising that major new redevelopment is proposed in both Bishop's Stortford and Hertford town centres. Whilst these proposed developments will not necessarily add significant quantum of additional floorspace to the centres they will help in the attraction of new shops and restaurants and act as a catalyst for private sector investment in the wider centres.

- 13.4 Controlling exactly what types of uses go where will be difficult for East Herts Council to influence. The starting point should be securing private sector buy-in to the development and delivery of a vision document for the centre/s. However, pursuing fundamental long term aspirations will be difficult unless an approach is adopted that helps to bring Hertford and/or other centres under single ownership.
- 13.5 It is recommended that the focus should not be placed on expanding the floorspace of town centres but to expand their offer in order to sustain vitality and vibrancy during the day and at night. The majority of quantified convenience and comparison floorspace requirement should be met in new local centres that will be provided in the planned urban extensions. These local centres should meet day-to-day resident shopping needs and not compete with town centres. Likewise, it is important that a robust assessment for the identification of retail impact thresholds (set out in draft Policy RTC1) is undertaken in order to protect town centres from adverse levels of trade diversion to out-of-town retail schemes.