RETAIL TOPIC PAPER

Town Centres and Retail

Planning Policy Guidance Note 6 (PPS6): Planning for Town Centres advises that the Government's key objective for town centres is to promote their viability by:

- planning for the growth and development of existing centres; and
- promoting and enhancing existing centres, by focussing development in such centres and encouraging a wide range of services in a good environment, accessible to all.

Other objectives which need to be considered are:

- enhancing consumer choice by making provision for a range of shopping, leisure and local services, which allow genuine choice to meet the needs of the entire community, and particularly socially-excluded groups;
- supporting efficient, competitive and innovative retail, leisure, tourism and other sectors, with improving productivity; and
- improving accessibility, ensuring that existing or new development is, or will be, accessible and well-served by a choice of means of transport.

In consideration of these objectives, PPS6 requires the Council to adopt a positive and pro-active approach to planning for the future of the centres within Penwith. To assess the potential need for additional shopping provision in the District the Council commissioned consultants GVA Grimley to produce a retail study for Penwith. The *Penwith Retail Study*, published in December 2007, provides a comprehensive review of town centre and retailing trends and needs in the District together with recommendations for an appropriate strategy response. The study will be used to help shape a town centres and retail strategy for Penwith which will be expressed by the Local Development Framework through the Core Strategy and the various Area Action Plans.

The key objective of national and regional policy to encourage and enhance the role and function of town centres is reflected by the Council's aspirations for the main towns in Penwith. The Council recognises that it has a role to play in encouraging appropriate town centre and retail development, and that it must provide an adequate framework to enable the maintenance and establishment of appropriate town centre facilities in a way that meets the objectives of the Government's sustainable development agenda.

In relation to the main towns in Penwith, the study provides the following information:

- **Penzance**

  Penzance is maintaining its role as the dominant centre in Penwith, and is comfortably at the higher end of the second-tier of larger centres in Cornwall. Having the largest concentration of units within the District, and a good range of convenience, comparison, service and other commercial uses, it is able to attract large numbers of visitors from the local and wider area. Vacancy levels are low and have been falling over the past year. Supported by known operator requirements, this suggests that the town centre remains a popular location for businesses. Convenience retail provision within Penzance is dominated by out-of-centre provision which attracts the majority of main/bulk-food shopping trips. Conversely, town centre provision caters for top-up food shopping provision. Penzance is able to retain significant levels of comparison goods expenditure generated by local residents, and its market share is good for a town of its size. Almost all of convenience shopping trips generated by Penzance residents remain within the town, indicating that existing facilities are able to cater for current needs. They also exert an influence over other smaller settlements in Penwith and draw from other areas.

- **Hayle**

  Hayle's retail and commercial performance has been influenced by the weaknesses of the local economy and the decline of the town's industrial and maritime base. The town has the smallest level of retail and service provision in Penwith, with it being dominated by local independent operators and split between the two defined centres at Copperhouse and Foundry plus the recently developed West Cornwall Retail Park. Importantly, comparison and convenience retail provision is not currently able to retain a significant amount of locally generated shopping trips, with provision being oriented towards top-up shopping and day-to-day shopping needs. However, vacancies in the centres are lower than the national average, indicating that there is a reasonable level of demand for property in Hayle. In terms of shopping patterns and financial performance, only about a third of locally generated convenience expenditure (about one quarter of main food shopping trips and half of top-up food shopping trips) is at present being retained in the town, with significant amounts of expenditure leaking to Penzance and outside the District. This leakage available in Hayle, which at the moment is limited to medium-sized Co-op and Lidl stores. These appear to cater for top-up food shopping trips and only a small proportion of main food trips. Similarly, comparison retail provision in Hayle is only able to retain about a tenth of locally generated trips, although this market penetration rate may increase as the West Cornwall Retail Park reaches a settled trading pattern. Apart from the national multiple retailers present at the Retail Park, Hayle has a relatively low level and range of comparison retail provision. The household survey indicates that there is a public desire to improve the level of shopping facilities in Hayle.

- **St Ives (including Carbis Bay)**

  St Ives is one of the most popular destinations for visitors to Cornwall. This status is reflected in the level and range of retail, service and commercial uses in the town centre and the level of pedestrian footfall. The number of units and total level of retail and commercial floorspace is well above the level which would be expected for a town of this size. This is mostly due to the contribution of tourism to the local economy. Vacancies within the centre are consistently low (and comparable to levels experienced in Penzance). In addition there is a significant demand from retail and service operators, although it appears that this cannot be met within the current structure of the town centre. Overall, the study concludes that St Ives is a very healthy centre, which has increased its financial performance and attractiveness through an increasing appeal to the tourism industry. Convenience retail provision in the St Ives and Carbis Bay area has been improved in recent years with the introduction of the new out-of-centre Tesco store. This provides a different sort of convenience retail offer to that currently available within the centre of St Ives, and is able to provide a main food shopping destination for the local population. However, the household survey results indicate that only just over a third of main food shopping trips and about half of top-up food shopping trips are retained in the local area. A possible explanation for this is that households may have under-estimated the level of food shopping trips flowing to St Ives and Carbis Bay, and it would appear that the majority of the current estimated under-trading is due to the attractiveness of the Tesco store. In terms of comparison retail provision in St Ives and Carbis Bay, the household survey reveals a retention rate of less than a tenth. Significant leakage of locally generated comparison goods expenditure appears to be split between other destinations in Penwith and outside of the District. For a town of its size, there is a reasonably high level of comparison retail floorspace in St Ives, although the type of floorspace is oriented towards the tourism market and there appears to be a shortage of facilities to serve the needs of the local population.

In terms of a strategy response, the study concludes that Hayle is <u>the</u> settlement within Penwith which is most in need of a step change in retail provision and shopping patterns behaviour. A *'revised market share'* approach is therefore recommended. In particular, it is considered that there is an opportunity to stem leakage and retain larger amounts of convenience and comparison expenditure within the town. Overall, it is considered that there is an indicative capacity for an additional 679-1,500 sq m net convenience floorspace by 2012, rising to 864-1,750 sq m net by 2021. Assuming a further increase in the market share of comparison shopping in Hayle, in order to accommodate new provision, there could be capacity for up to 2,200 sq m by 2012, up to 2,900 sq m net by 2016, and up to 4,000 sq m by 2021. However, the ability to achieve these levels will depend on meeting policy tests of impact and the 'sequential approach', and also how increasing the market share of Hayle will impact on future floorspace capacity in other Penwith settlements (e.g. Penzance). In order to accommodate the level of need identified, the harbour area has been identified as being the most appropriate opportunity, in line with the existing Penwith Local Plan allocation. However, this is subject to the proviso that such retail provision is integrated with the existing Foundry centre. In addition, the study highlights that Hayle, due to the way it has grown, has a unique challenge of two defined town centres of equal status. It is vital, therefore, that any proposals in the harbour also ensure that the health of the Copperhouse area is not damaged, giving a need to consider how the level of identified need can be spread across both centres. The suitability of the harbour area and other potential sites will be assessed through the process of producing the Hayle Area Action Plan.

In relation to Penzance, the study recommends that the Council should pursue a *'constant market share'* approach for convenience and comparison retailing. This is based on the need to allow Penzance to maintain and enhance its position in the retail hierarchy, whilst avoiding a negative impact on the need to provide additional retail floorspace and investment in other centres in Penwith, e.g. Hayle. The study indicates a need for an additional 3,470 – 4,153 sq m net comparison floorspace by 2012, rising to 7,659 – 8,439 sq m net by 2016, and 13,831 – 14,739 sq m net by 2021. There will not be surplus capacity for additional convenience floorspace until after 2012, with 171 - 443 sq m net by 2021. However, a key issue highlighted by the study is the lack of potential retail development opportunities in Penzance town centre in order to accommodate the significant levels of potential growth in comparison retailing over the medium to long term. In the short term (over the next five years) it is recommended that sites are identified to accommodate the additional floorspace capacity, and that further investigations are undertaken to identify further development opportunities (and possible extensions to the town centre) for the future.

In relation to St Ives, the study acknowledges that it is clearly a popular retail and services destination, which is reinforced by the level of retailer and service operator requirements for additional floorspace in the town. In terms of comparison retail provision, it is considered that, in principle, there could be an opportunity to increase the level of retail expenditure which is retained from the local area, although the lack of available sites within and around the town centre leads to a conclusion that a *'revised market share'* approach may not be realistic. In terms of convenience retailing, it is recommended that the Council pursues a *'constant market share'* approach for the future, based on the level and range of provision which currently exists in the local area.

Ensuring town centre vitality and viability is a key objective for the Penwith Local Development Framework and can primarily be achieved through promoting and enhancing existing centres, whilst planning for retailing growth where appropriate. However, there is also a need to ensure that town centres provide a high quality environment through building design and public realm enhancements. This, combined with accessibility and consideration of the impact and location of transport networks, is part of the essential mix to any successful town centre and retail strategy.

Based on the recommendations of the Penwith Retail Study (2007), the preferred option at the strategic level is to retain the existing hierarchy in the District, pursuing a *'constant market share'* approach for Penzance and St Ives (including Carbis Bay), whilst enabling Hayle, through a *'revised market share'* approach, to increase retail provision and influence shopping patterns with the primary aim of stemming leakage to other areas and improving the town's economic performance.

The study recommends that future proposals for out-of-centre retail development should be carefully considered and prevented if it is shown that they could soak up significant amounts of identified capacity and/or harm opportunities for town centre redevelopment/expansion. No current need for future out-of centre retail allocations in Penwith is identified, particularly given the opportunities presented by a range of potential (re)development sites within and on the edge of the main town centres. To cater for circumstances whereby future retail proposals are received, the Council is proposing a criteria-based policy (reflecting the advice in PPS6).

In addition to consideration of out-of-centre retailing, the Council is proposing a criteria-based policy to prevent the loss of Class A1 shops from defined primary shopping areas (the location and extent of which will be reviewed through relevant Area Action Plans), so as to ensure that retail remains the predominant land use, unless the proposal will maintain or benefit the vitality and viability of the area. Although similar to the approach currently set out by Policy TV-18 of the Penwith Local Plan (2004), it is intended that the retail percentage rule will be reviewed, and that additional criteria will be incorporated to aid assessment, requiring consideration of:

- the location and prominence of the premises within the shopping frontage;
- the floorspace and length of frontage of the premises;
- the number, distribution and proximity to other premises within Classes A2 and A3 / A4 / A5, or with planning permissions for such use, within the frontage in question and throughout the town centre;
- the particular nature and character of the use proposed, including the level of pedestrian activity associated with it;
- the level of vacancies in ground floor properties; and
- whether the proposed use would give rise to noise, smells or other environmental

problems.

As part of providing for a range of town centre uses the Council is required to prepare policies to help manage the evening and night-time economy in appropriate centres. The aim is to encourage a range of complementary uses which appeal to a wide range of age and social groups, ensuring that provision is made where appropriate for a range of leisure, cultural and tourism activities such as cinemas, theatres, restaurants, public houses, bars, nightclubs and cafes.

In addition to retailing, the study also examined the potential need for additional leisure provision, although the results of the household survey indicate that specific attitudes towards leisure provision do not feature as strongly as views regarding retail provision and general aspects of town centre health.

In relation to visits to the cinema the study reveals that overall there is very little leakage from Penwith to other areas, although some residents in the eastern part of the District visit Truro and Redruth. Specific results of the assessment indicate that 100% of Land's End zone residents, 95% of Penzance residents , 82% of St Ives residents, but only 57% of Hayle residents and 58% of Marazion residents, remain within the District. Assuming that the pattern of cinema visits remains the same over the plan period, the study indicates that the supply and demand for cinema facilities is in broad equilibrium but that there will be a need for additional cinema seats to be provided as the Local Development Framework progresses: 177 extra seats needed by 2012, 306 extra seats needed by 2016, and 334 extra seats needed by 2021. By the end of the plan period this additional cinema seat capacity is comparable to the size of the existing Merlin cinema in Penzance. The study also stresses that the market penetration of cinemas in Penwith has the potential to rise, particularly in those areas in the eastern part of Penwith, where a greater proportion of the local population can be persuaded to remain in the District. Based on testing of a scenario whereby 80% of residents of the eastern zones remain within Penwith, there would be a need for an additional 269 seats by 2012, 412 by 2016, and 445 by 2021, comparable to a new cinema the size of the Merlin in St Ives. Bearing in mind the locational focus of the identified need, this issue will be examined further through production of the Hayle Area Action Plan.

In terms of the overall level of expenditure on leisure activities, over 60% is spent in restaurants, bars, and cafes. These uses play an important part in the overall contribution to town centre health and attractiveness. The study indicates that there is a clear demand for additional space from a range of operators across Penwith and this demand will compete for shop premises with other town centre uses. The study recommends that future town centre development should provide additional space for these uses as well as Class A1: Retail. At present, by way of example, around 10% of all units within Penzance town centre is devoted to food and drink uses, although nationally the proportion is around 14%. In Hayle, only 8% of all units in the Foundry and Copperhouse centres is devoted to food and drink uses, which is well below the national proportion. Therefore, based on available baseline comparison floorspace capacity figures, and assuming that the proportion of new food and drink provision should reflect the proportion of existing uses, there could be a need for an additional 600 sq m gross Class A3 / A4 / A5 floorspace by 2011, rising to 2,100 sq m gross by 2021. It is intended that these issues will be examined further through production of the Penzance & Newlyn, Hayle, and St Ives & Carbis Bay Area Action Plans.