RETAIL PLANNING POLICY IN THE UK

ORDENACIÓN DEL COMERCIO MINORISTA EN GRAN BRETAÑA

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RESUMEN

El planeamiento comercial es definido, en este artículo, como el proceso de determinar cuánto comercio, qué tipos y en que lugares debe desarrollarse en un periodo dado. Se realiza a través de la interacción del sector privado (minoristas y promotores) y el público (gobierno nacional y local). El sector privado intenta mantener o incrementar ventas y beneficios, y el público procura cumplir objetivos no comerciales, destinados a servir al interés general. El artículo resume aspectos del planeamiento comercial minorista en el Reino Unido descritos en su libro (GUY, 2006A). Así, la sección 1 plantea el marco administrativo del planeamiento comercial, contrastándolo con el de otros países europeos. La sección 2 resume la política del gobierno central para promover y controlar el desarrollo comercial. Las secciones 3 y 4 sintetizan las actitudes de los urbanistas del gobierno local y los promotores privados respectivamente. La sección 5 argumenta algunos de los resultados principales, en términos de tendencias del desarrollo en localizaciones centrales y no centrales, mientras que la sección 6 esboza algunas conclusiones.

Palabras clave: Planeamiento comercial, Reino Unido, colaboración público-privado.

ESTRATTO

In questo articolo con "pianificazione commerciale" si intende il processo attraverso il quale si definisce quante attività commerciali, di quale tipo ed in quali luoghi dovrebbero essere sviluppate in un determinato periodo. Il processo si sviluppa attraverso l' interazione tra gli attori privati (commercianti e proprietari immobiliari) e gli attori pubblici (governo locale e nazionale). Il settore privato cerca di mantenere stabili o di incrementare vendite e profitti, mentre il settore pubblico persegue obiettivi di interesse più generale. L'articolo sintetizza alcuni aspetti della pianificazione commerciale nel Regno Unito, facendo riferimento alla ricerca descritta in un testo dell'autore sull'argomento (GUY, 2006A). La prima parte delinea il quadro normativo della pianificazione commerciale e lo confronta con la situazione di altri paesi europei. La seconda parte sintetizza le recenti politiche governative per il sostegno e la regolamentazione del settore commerciale. La terza e la quarta parte delineano i comportamenti degli amministratori locali e degli operatori privati. La quinta presenta i principali esiti dei trend di sviluppo del commercio urbano ed extraurbano, mentre la sesta parte avanza alcune conclusioni.

Parole chiave: Pianificazione commerciale, Regno Unito, *partnership*.

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The System of Retail Planning in the UK

It is important to understand the differences between retail planning in the UK and in other European countries, not simply in terms of policy guidelines and their effects, but also in the manner in which planning takes place, and the agencies responsible.

In the UK, very little retail development is carried out directly by government or other public sector agencies. Therefore, much of the forward planning of retail development is initiated by the private sector. An important part of retailers strategic planning takes place through new store development and modification of networks of existing stores (BENNISON ET AL, 1995). Innovation and improvements in productivity take place largely through new store development (REYNOLDS ET AL, 2005). In the UK, retailer concentration is high by European standards, especially in food retailing which is dominated by four leading multiples. There is also a very strong property development sector which has built many hundreds of out-of-centre retail parks, as well as remodelling many town and city centres (GUY, 1994). Main shopping streets are dominated by institutional owners (property companies, insurance companies and pension funds) and multiple retailers. This suggests that the private sector exerts a strong influence on patterns of retail development, and negotiates with the public sector from a position of strength.

As in most other "northern" European countries, retail planning is carried out through the land use planning system rather than through specific legislation (DAVIES, 1995; GUY, 1998). Any development of new stores has to be made lawful through receiving planning permission from the local planning authority. Every town and city will possess areas in which "town centre uses" (which include retailing) are normally permitted. These areas are defined in development plans which are prepared and approved by the planning authorities themselves. Plans also include policies which set out guidelines for the control of retail development and change, so that the "public interest" is taken into account.

The planning system itself is however different from that in other European countries: land use zoning is not the only criterion for judging a planning application. The system allows refusal of applications for reasons such as poor design, problems of vehicle access, etc., irrespective of location. Also, retail development may take place in areas not zoned for this purpose, although this has happened rarely in recent years. Approvals refer not only to the retail use as such, but also to design, appearance and access arrangements. Conditions may be applied in order to place restrictions on the nature of goods to be sold, the way in which internal space is organised, and other matters.

Thus, in theory at least, the British planning system is more flexible in nature than systems which operate mainly through zoning regulations. Policies tend to be worded imprecisely. It is also common for retailers/developers and planners to negotiate details of a scheme, either before or after submission of a planning application, in order that both sides can feel that their objectives have been achieved.

Local planning authorities (counties, districts) are however restricted in their freedom to decide upon retail development. Policies in development plans are expected to conform with central government policies (see "Central Government Policies for Retail Planning"). Decisions on planning applications should be in accordance with both the development plan and with central government policy. If the two are different, then central government policy should take precedence.

Developers/retailers can appeal against refusal or the imposition of conditions by the local authority. Appeal cases are conducted by "independent" Inspectors who report to Government departments, which make the ultimate decision. In retail cases, about 30-50% of appeals are decided in favour of the retailer/developer. The judgments made by inspectors and Government departments form a kind of "case law" which helps in interpreting and developing central government policy.

Central Government Policies for Retail Planning

Central Government policies are prepared in the form of "Policy Statements" (previously "Policy Guidance") in England; Wales, Scotland and Northern Ireland have their own series of policy statements. The four countries have (in theory) freedom to determine their own policies, but differences in policy between the member countries of the UK are probably less significant than differences between regional governments within some other European countries such as Spain and Germany. Within England, "regions" exist largely for purposes of administrative convenience and there is no difference in retail planning policy between them.

Table 1[1]. Current Central Government Objectives For Retail Planning

OVERALL OBJECTIVE	"to promote the vitality and viability [of town centres] by: ▪ Planning for the growth and development of existing centres; and ▪ Promoting and enhancing existing centres, by focusing development in such centres and encouraging a wide range of services in a good environment, accessible to all."
OTHER OBJECTIVES	▪ "Enhancing consumer choice by making provision for a range of shopping, leisure and local services ▪ 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."
WIDER POLICY OBJECTIVES	▪ Promotion of social inclusion ▪ Encouragement of "investment to regenerate deprived areas" ▪ "Reducing the need to travel and providing alternatives to car use".

Source: ODPM, 2005a: 1.3, 1.4

[1] Table 1 is extracted from the Government's Planning Policy Statement 6 (PPS6), which explains to both retail developers and local authorities how retail planning should take place.

In England, policy is set out by the Government department responsible for the spatial planning system (currently the Department for Communities and Local Government or DCLG). Policy is officially that of the Government as a whole, and while preparation of policy statements is the responsibility of DCLG, other Departments such as the Treasury and the Department for Environment and Rural Areas are consulted. However, the "sustainable development" agenda dominates thinking about retail planning, and other Government objectives such as enhancing competitiveness and productivity take second place (TABLE 1).

Table 2[2]. Retail Planning Policies for Local Authorities

STRATEGIC PLANNING	"Local planning authorities should actively plan for growth and manage change in town centres over the period by: ▪ selecting appropriate existing centres to accommodate the identified need for growth making better use of existing land and buildings, including, where appropriate, redevelopment; ▪ where necessary, extending the centre; ▪ managing the role and function of existing centres; and ▪ planning for new centres of an appropriate scale in areas of significant growth or where there are deficiencies in the existing network of centres."
SELECTION OF SITES FOR RETAIL DEVELOPMENT	This should be carried out in the following stages: ▪ "assess the need for development; ▪ identify the appropriate scale of development ; ▪ apply the sequential approach to site selection ; ▪ assess the impact of development on existing centres ; and ▪ ensure that locations are accessible and well served by a choice of means of transport"

Source: ODPM, 2005a: 2.3, 2.28

Thus, the overall intention is to guide the private sector into developing an appropriate scale and type of development in appropriate locations. The emphasis is on expanding and improving town centres. Out of centre development can also be planned for, although this would only be necessary if there were clear reasons to support it, for example rapid population growth in the area leading to development of new settlements, or a complete lack of suitable sites within town centres.

PPS6 then explains how local authorities should decide whether to permit proposals made by private sector developers and retailers. There is a crucial distinction between development which is proposed to take place in a town centre, and development elsewhere. Proposals in town centres are usually in agreement with general policy, and planning applications are judged by local authorities on other grounds such as visual appearance and access arrangements.

[2] Table 2 describes how local authorities are expected to draw up policies for managing retail development and change. This should take place, in the case of England, within regional frameworks for spatial planning, prepared by civil servants working in the Government's offices in regional centres. These frameworks set out the desired pattern of retail growth and change, including statements on which town centres should be selected for more rapid growth.

For proposals at the "edge" of a town centre, or outside a town centre, the developer has to show why the development should be permitted at all. PPS6 sets out a five stage process by which such applications should be assessed:

> "Local planning authorities should require applicants to demonstrate:
> a) The need for development
> b) That the development is of appropriate scale
> c) That there are no more central sites for the development
> d) That there are no unacceptable impacts on existing centres
> e) That locations are accessible"

(ODPM, 2005A: 3.4)

This is similar to the process, described above, through which local authorities are expected to determine themselves where growth should occur. Criterion (c) is generally known as the "sequential test".

Table 3. Criteria for Assessing Retail Proposals, and their Interpretation

Criterion	Typical Developer´s Argument	Typical Local Authority Argument	Further Reading
Need for Development	There is sufficient spending power available to justify this proposal AND/OR Existing retailing is of poor quality	Existing retailing is adequate in quantity and quality	ENGLAND (2000); GUY (2000B)
Appropriate Scale	The proposal is large enough to form an economic proposition	The proposal is too large for the local catchment population's needs	GUY (2002); WRIGLEY ET AL (2002)
Sequential Test	The proposal cannot be built within a town or district centre, because of its size and/or access requirements	Similar retail offers could be provided within the town/district centre, possibly by developing on a smaller scale or through several separate developments	CBHP (2000); CBHP (2004); GUY AND BENNISON (2006)
Unacceptable Impacts	The proposal will not significantly affect the vitality and viability of any existing town or district centre	The proposal may significantly affect the vitality and viability of one or more existing town or district centres	ENGLAND (2000)

Thus, the policy instructs retail developers to prepare their own case in support of the application. This task is usually carried out by planning consultants. In contrast with some other European countries, there is no "neutral" organisation to make assessment of the need for development, or its potential impacts. In the UK, assessments are made by the developer, while the local authority concerned can also carry out its own assessment, using its own staff or planning consultants. This means that assessments of need and impact are usually biased in favour of, or

against, the developer. This makes it more difficult for developers and local authorities to establish a good working relationship, unless the proposal is to be located within a town centre.

The five criteria listed above have often proved difficult to apply in a manner which satisfies both developer and local authority. This is partly because they are explained rather vaguely in the Government guidance. Table 3 summarises the arguments often used in assessing the four main criteria, and refers to more detailed treatment of these issues elsewhere.

In England, the main policy document, PPS6, will be supplemented by several detailed guidance notes on the interpretation of policy. Among these are guidance on the sequential approach and on need and impact assessment. Together with PPS6, the end product will be hundreds of pages of instruction and "advice", aimed at both private sector developers and local authority planners. Not surprisingly, commentators have criticised the Government for producing overly complex policy statements. In contrast, the policy statements produced by the Scottish Parliament (SEDD, 2006) and the Welsh Assembly (NAW, 2005) are much shorter and more straightforward.

Local Authority Retail Planning

As discussed above, local authorities are the agencies mainly responsible for retail planning, through preparing policies in development plans, and through making decisions regarding applications by the private sector for retail development.

Retail policies in development plans are intended to advise developers on the location, scale and type of retail developments which the authority would like to take place within the plan period. Such policies usually follow central government guidelines very closely, favouring development within city, town and district centres.

Recent research shows however that most local authorities have not yet attempted to specify precisely how much development there should be within the plan period, either in total or within specific centres (GUY, 2004). Plans usually list several sites within centres, or sometimes on the edge of centres or out of centre, where retail development (often as part of a "mixed-use" development) is "encouraged". This means that a retail or mixed-use proposal can expect to be approved, subject to details of design, vehicle access and so on. Such sites are sometimes fully or partly-owned by the local authority itself, but even in these circumstances, detailed proposals and funding for development will come from the private sector.

Generally speaking, local authorities have made substantial attempts to improve the physical environment of town and city centres, through pedestrianisation and landscaping schemes. Over 500 centres now have a form of city or town centre management in operation, funded by some combination of local authority and private sector finance.

"Development control" policies in development plans explain which types of planning application by private sector developers are likely to be approved by the local authority. Such policies are usually worded in similar

fashion to central government guidance. Developers are required to demonstrate a "need" for the development, and (if it is not within a town centre) to show that no central sites are "suitable" or "available" (see above). Applications to enlarge an existing store or shopping centre are judged in the same way as completely new proposals.

Local authorities will sometimes approve proposals which do not meet all these criteria, but which appear to offer substantial social or economic benefits, such as remediation of contaminated land, or employment opportunities. This is more likely to happen in areas of social hardship or economic decline, in which local authorities find it hard to attract other sources of new investment and employment. In areas of greater prosperity, such as south-east England, local authorities tend to be more restrictive, and often interpret Government policy as a complete ban on out-of-centre development (CBHP, 2004).

Influence of the Private Sector in Retail Development

Although the public sector, in the form of regional and local authorities, has the power to specify how much retail development should take place in any town centre or other area, patterns of development are usually dominated by private sector initiatives. This is because, at least until recently, local authorities tended to see retail planning as a reactive means of controlling development, rather than a proactive means of setting out an optimal pattern of retail growth and change. The resulting lack of precision in development plans means that developers can negotiate with local authorities over the size and character of almost any proposed scheme.

The largest retailers and developers are in a strong position with respect to most local authorities, because a new large store or shopping mall can represent a substantial improvement to retail facilities, as well as bringing other advantages such as possibilities for employment training, land reclamation, etc. More generally, retailers/developers are allowed to offer additional facilities to local authorities, in the form of "planning obligations". These may either be immediately related to the proposed development itself, such as road improvements close to the store, or less clearly related, such as a new school or library on another site. This process is known as "planning gain", and developers are usually prepared to negotiate this when submitting a planning application.

The planning system allows retailers/developers to appeal to Government ministries against refusal or non-determination of their proposal. The appeal process is expensive to local authorities in terms of staff time or the use of planning consultants to make a case against the development. Therefore, a cautious local authority will only reject a proposed scheme if it is clearly contrary to Government policy.

The planning system has been criticised for giving (in effect) more power to large scale retailers and developers who are familiar with the system:

> "The complexity of the planning system provides insider-power, as incumbent firms are able to exploit their knowledge of the system. Similarly the plan-led system may enable incumbent firms with the

> strongest lobbying powers to influence the location and availability of development sites. Large firms are more able to pay for quality consultants and legal fees; while delays provide rival firms with time to react to the threat of entry".
>
> (BARKER, 2006: 5.50)

Small businesses however have little or no influence on retail planning policy, at national or local level. At national level, there is no strong organisation to negotiate with central government; at local level, small businesses have only a weak bargaining position when attempting to expand or relocate. There is no explicit protection for small retailing in the guidance; nor are local authority policies which would be designed simply to protect small retailers seen as acceptable, since they would violate the principle of encouraging competition.

Policy Outcomes in the UK

Government ministers have claimed on several occasions that the "town centres first" policy is "working". For example, "… emerging evidence suggests that since the mid-1990s national planning policy has had a significant impact in terms of increasing the proportion of retail development locating in town centres, reversing the trend of the previous 20 years." (ODPM, 2005b: para 1.5).

One of the most obvious impacts of policy is shown in statistics of out of centre development. In the late 1980s, a period following relaxation of control over such development, several proposals for "out-of-town" regional shopping centres were approved, as well as some 200 retail parks. A second boom in retail park openings followed in the mid 1990s, but rates of development rapidly decreased following the introduction of the Government's "town centres first" policies and the sequential test (CBHP, 2004). This decrease has not been due to lack of demand from retailers; commentators agree that planning policy has made the development of retail parks much more difficult, especially as this form of development is not suited to town centre sites. It is also clear that regional scale shopping malls, such as the Metro Centre and Bluewater, are no longer likely to be permitted, unless located within existing town and city centres.

Superstore and hypermarket development has also been affected by changes in policy. Large food stores continue to be developed, but increasingly within, or on the edge of, town centres. Large non-food stores, particularly where selling "bulky goods" such as home improvement supplies, furniture and floor coverings, have continued to be built in out-of-centre locations. Generally, retailers who prefer to trade from large stores are required by central and local government to be "flexible", that is, to consider ways of trading from smaller stores which can be built within town centres; a continuing battle between such retailers and government over this issue has been a major feature in retail planning since the mid 1990s (GUY AND BENNISON, 2006).

One effect of policies which are increasingly restrictive on out-of-centre development has been a shortage of good quality space, particularly in retail parks, for retailers wishing to expand geographically. This has created a heavy demand for retail parks by financial investors, such that retail warehouse and retail park values and rents have grown more rapidly since the 1980s than has

been the case for any other type of property. This in turn has led to "active management" by landlords, which has made the retail parks more efficient in their use of premises, and more attractive and convenient for the shopper. Hence, retail parks, particularly those with "open consent" for any type of retailing, have proved in some areas to be powerful competition with town centres (GUY, 2000).

In contrast with the difficulties experienced by superstore and retail park developers, property companies have successfully been able to develop or redevelop large parts of town and city centres in creating new shopping malls. Currently, 20 schemes of at least 60,000 sq.m. retail floor area are under construction or planned, within or close to existing town and city centres[3]; some recently completed schemes are discussed by LOWE (2005). Another important trend is for development of "mixed-use" schemes, which include leisure and/or residential uses as well as retail. These are strongly encouraged in policy statements.

Research on the impacts of retail planning policy has been almost entirely aimed at establishing its development effects. Some of the more basic objectives, such as promoting sustainable development, have not been evaluated in a comprehensive manner. This suggests that policy needs to be assessed in a thorough way which goes beyond examination of the extent to which a few easily measured policy outcomes are attained (GUY, 2006a).

Conclusions

This final section discusses some key features of the UK´s system of retail planning, which distinguish it from systems in other European countries. The UK system has remained essentially the same since the 1960s: local planning authorities prepare plans which set out the desired amount and location of new retail development, and attempt to realise these plans through reacting to proposals for development which are initiated by the private sector. These plans, and the criteria used in development control, reflect general policies for retail planning, which are set by central government. There is little variation in these policies between countries or regions within the UK. There is no Parliamentary legislation which refers specifically to the control or encouragement of retail development; central government policies take the form of "advice" to local authorities and private developers. However, central government is able to exert pressure on both sides, such that its policies are on the whole implemented fairly successfully. This is shown in the recent concentration of development within town centres, despite pressure from retailers to continue out-of-centre growth.

Within the overall control by central and local government, developers and retailers tend to determine the detailed size, location and appearance of new retail development: very few schemes are designed and funded purely by the public sector. However, the system of "planning obligations" allows the local authority to reap some benefits from private developments, and also ensures that some of the external costs incurred by the community as a whole are likely to be met by the private developer.

[3] http://www.nrpf.org/Top_centres.htm

Three features of government policy in recent years have been much criticised. Firstly, the insistence that the city/town centre is the most suitable location for retail growth can lead to over-development, loss of traditional built environments and congestion for cars and pedestrians. For many types of retailing, a suburban location is more suited to the requirements of the retailer and consumer. Secondly, a feature of the UK system is its lack of protection for the "small retailer". While the encouragement of competition between retailers and methods of retailing is one of the objectives of policy, this favours, in reality, the multiple retailer more than the independent.

Thirdly, retail planning is in the UK a "top down" activity in which both central government and large private corporations play a dominant role. There is little freedom for local authorities to determine their own guidelines, or for small business to guide the future of town and city centres. This is perhaps an area where the UK should take more note of systems, policies and events in continental Europe.

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