Peterborough Retail
Planning Strategy

A REVIEW OF KEY ISSUES

AUGUST 2006

Contents

1. Introduction

Terms of Reference

1.1 Drivers Jonas is instructed to advise Peterborough City Council on strategic retail planning issues that are of relevance to the City's Growth Agenda and formulation of Core Retail policies for the forthcoming Peterborough Local Development Framework (LDF).

1.2 It has been agreed that we will focus on the following matters.

(i) What are the forecast trends in retailing over the next 15 years? What new issues will arise that will affect the way that retailing operates and is delivered in Peterborough over that time period?

(ii) What should be the Council's planning strategy for retail development in the light of those trends and issues and current estimates of future retail capacity (advice with evidence to justify and support the Core Strategy LDF)?

(iii) What is the minimum size of sustainable urban extension that would justify and support an economically viable district/local shopping centre?

(iv) What is the optimum size of district/local shopping centre that would serve the needs of a sustainable urban extension without adversely impacting on the vitality and viability of any other existing centre in Peterborough?

(v) Is retail development needed as a driver for urban expansion in Peterborough, or will substantial residential development be sufficiently viable in its own right to deliver sustainable urban extensions?

(vi) What practical steps can the City Council and Opportunity Peterborough take to exploit emerging retail trends and opportunities in order to maximise Peterborough's role as a sub-regional centre?

(vii) National planning policy encourages a sequential approach to site selection and this approach is reflected in the Council's adopted Local Plan (Policies R1-R4, CC1 and Appendix VI). In light of the findings in response to the above questions and the growth and regeneration agenda for Peterborough, is there, or is there not, an alternative and more flexible strategy to the sequential approach? If so, how could this be justified and what policies should be included in the Core Strategy to address this?

Study Content

1.3 First, we consider in Section 2 of the report changing retail trends, referring to their implications for future retail development in Peterborough. In Section 3 we review national planning policy guidance that is of most relevance to retailing and the circumstances in Peterborough. Section 4 describes the likely growth requirement for Peterborough up to 2021, which will be confirmed in the Regional Spatial Strategy currently in preparation. In Sections 5 and 6 we identify the key issues and opportunities facing the City. Section 7 contains our recommendations relating to the Core LDF strategies.

2. Trends in Retailing

2.1 Retailing is a dynamic industry. A considerable amount of research has been published on changing trends as they affect different sectors of the retail market. We summarise here those trends that we believe are likely to be of most significance in planning for new retail development in Peterborough over the next 10 – 15 years.

Growth of Out-of-centre Retail and Leisure Facilities

2.2 Out-of-centre retailing really came to the fore in the UK in the 1970's. The focus was on superstores retailing grocery products, and non-food retail warehouses selling bulky goods. The commercial rationale for out-centre foodstores was larger floorspace areas to accommodate a wider range of goods purchased less frequently, and the need for ample adjacent car parking. The rationale for non-food retail warehouses selling bulky goods was also the large floorspace areas required to display such goods (DIY, carpets, furniture, etc) and that it was neither possible nor viable to provide such space in town centres.

2.3 Out-of-centre retail formats have evolved significantly since then. Superstores have grown enormously in size. The Tesco Extra at Serpentine Green is an example of the latest trends in superstore development. It has a gross floorspace area of over 12,000 sq m (130,000 sq ft) and the range of goods sold from the store includes a full range of food goods including delicatessen and hot food counters, as well as a very wide range of comparison goods to which we refer in Section 6.

2.4 Similarly out-of-centre non-food provision has changed radically. The recent consent granted by the City Council at Maskew Avenue for two retail units includes a B&Q DIY/hardware store with a gross retail floorspace of 9,699 sq m (105,000 sq ft). The range of goods sold from out-of-centre retail warehouses has also widened significantly extending far beyond the original concept of bulky goods. Many 'High Street' retailers, Boots, Next, Gap, JJB Sports, Borders etc, now have out-of-centre formats. In part this has been enabled because, in accordance with government guidance and planning practice up to the 1990s, no restrictions were placed on the range of goods that may be sold from out-of-centre locations.

2.5 Purpose designed retail parks have also replaced the former freestanding retail warehouses as a more attractive form of commercial development. A good example of the changes that have occurred is at Fosse Park on the southern edge of Leicester. This retail park now contains the following traders – Marks & Spencer, BHS, Boots, Argos, JJB Sports, New Look, Next, Gap, Dorothy Perkins, Wallis and WH Smith. Only Marks & Spencer was part of the original development granted as a separate consent in the late 1980s. Plainly Fosse Park now competes strongly for 'High Street' type shopping trips.

2.6 The growth of the 'out-of centre' retail sector can be seen in 'Verdict on Out of Town Retailing 2005'. This shows that over the period 1994-2004 the market share of retail spending of the out-of-town sector rose from 23.9% to 29.8%, whilst the High Street sector declined from 50.1% to 47.5%. It should be noted, however, that even with a declining market share the High Street achieved an absolute spending growth of 53.1% over the same period (1994-2004).

2.7 The growth of out-of-centre shopping was followed by out-of-centre leisure facilities. Out-of centre cinemas emerged strongly in the 1990's replacing many town centre facilities. Other forms of leisure facility, e.g. bowling, health and fitness centres, and restaurants have followed. Such facilities are also being integrated into retail parks so providing a more diverse range of attractions for visitors.

2.8 More recently national planning guidance has placed increasing constraints on the growth of out-of-centre retail and leisure facilities, to which there has been some response by retailers. In the last 5 years or so the multiple food retailers have introduced smaller format foodstores in town centres throughout the country e.g. Tesco Metro and Express and Sainsbury Local. Likewise after unsuccessful planning battles for its large format out-of-centre stores, IKEA has now introduced a new format capable of being implemented in town centres.

2.9 Despite planning policy having some effect on the development strategy of the large foodstores and retailers such as IKEA, the out-of-centre market remains strong, not least because there is a large pool of out-of-centre space, much of which has an open Class A1 retail consent. Dixons is taking advantage of this by disposing of its ‘High Street’ stores in favour of large and cheaper space in out-of-centre locations. Jessops, Carphone Warehouse and Game have announced proposals to create single destination retail warehouse stores.

2.10 Most of the above trends have been evident in Peterborough and the issues raised are of relevance to the future planning of the City’s retail facilities, particularly in the expansion areas.

Decline of the Small Shop

2.11 The decline of the small independent retailer and the growth of multiple shops has been a topical issue for some time, particularly in respect of food trading. Recent research from Experian shows that independent shops as a percentage of the total number of outlets declined from 70.6% in March 2001 to 68.7% in March 2006. Also the latest estimates show that Tesco, Sainsbury, Asda, and Morrisons now control 74% of grocery sales.

2.12 The facts are clear - an increasing proportion of the retail market is taken by multiples, as opposed to independent traders. Cause and effect are less easy to identify. The decline of the independent butcher for example may be caused by changing lifestyles and diet, as well as by direct competition from multiple supermarkets.

2.13 Protection of the independent trading sector lies at the margins of planning regulation. Although it is a stated objective of government planning guidance (PPS6) to encourage competition and innovation in retailing, planning is for the most part concerned with land-use and not who operates the facility.

2.14 Ironically it may also be that the recent success of planning policy in pushing the multiple foodstores back into town centres is actually creating bigger problems for town centre independent traders. The town centres are clawing back more residents’ expenditure overall, but it is being attracted to the multiple foodstores with the independent food traders experiencing greater impact.

2.15 Irrespective of the findings and recommendations of the latest Competition Commission Inquiry into the activities of the principal multiple food retailers, planning for future retail development in Peterborough will have to acknowledge the commercial and viability constraints affecting small independent traders. This will be particularly relevant in considering appropriate provision for small shops in district and local centres.

Changes in the 'High Street'

2.16 Despite increasing competition from the growth of out-of-centre retailing, and periodic short term downturns in retail spending (as part of the economic cycle), the 'High Street' has benefited from a long term growth of comparison goods expenditure, particularly for higher value goods. As disposable incomes rise an increasing proportion is spent on quality and luxury items as opposed to essentials. These are often the types of goods which shoppers wish to compare prior to purchase e.g. fashion clothing and footwear, jewellery, etc. Hence the 'High Street' has been well placed to take advantage of this trend.

2.17 Comparison goods traders have responded to the changing market trends in a variety of ways. We have noted above that a number of retailers now have 'in-centre' and 'out-of-centre' trading formats, which in itself is indicative of the increasing competition that town centres face from out-of-centre facilities.

Retailer Floorspace Requirements

2.18 One noticeable trend has been the increasing space requirements of 'High Street' multiple traders as they seek larger areas to display a wider range of products. By way of example the floorspace requirements of Monsoon, New Look, Top Shop, Primark, and TK Maxx are now 1,160 sq m, 2,785 sq m, 3,715 sq m, 7,430 sq m and 5,575 sq m respectively. Five years ago all of their requirements would have been less than half this, and in most cases significantly less than that. Next is a good example of these changes. Five years ago they typically sought units of 930 sq m (10,000 sq ft). Now they seek up to 5,575 sq m (60,000 sq ft). Furthermore if they cannot secure appropriate accommodation in town centres, Next is content in principle to trade from district centre or out-of-centre locations.

Department Store Trading

2.19 Department stores have also been affected by changing trends. Over a lengthy period of time (similar to supermarket trading) the department store sector has consolidated and is now controlled by a very limited number of operators. The sector also experienced major competition from the increasing attraction of the brand multiple comparison stores, each with their own niche trading area. One of the reactions of the department store sector has been to include these brand names within their own stores on a franchise basis.

Mixed Use

2.20 As with out-of-centre developments, town centre shopping schemes are now much more diverse and mixed-use in nature. Increasingly leisure, cultural, residential and other uses are integrated with retail developments. A good example is the Oracle Centre in Reading which includes cinema, nightclubs, restaurants, and public space

Competition between Centres

2.21 At the same time as becoming more affluent, shoppers have become more mobile. Increasingly they choose where they wish to shop according to what the centre has to offer. This has led to more competition between shopping centres, with the larger centres with their wider range of retail facilities and attractions, increasing their size and retail offer disproportionately compared with the smaller centres.

2.22 The changing fortunes of Peterborough as a retail centre were noted by DTZ in their 2004 Retail Study for the Council. DTZ predicted that without significant new investment and development Peterborough will continue to fall behind the 'benchmark' centres and other national centres. In their UK Shopping Index, Management Horizons Europe shows Peterborough's continuing decline in the national ranking of centres.

1995/6	35
1998/9	40
2000/1	42
2003/4	46

2.23 It is clear that over recent years Peterborough has lost market share of expenditure attracted from its catchment, and that this is likely to be due to the increasing competition from centres such as Cambridge, Nottingham and Milton Keynes which have been attracting new retail investment and increasing their attractiveness to shoppers.

2.24 There is a need for Peterborough to arrest the decline in its market share of available expenditure attracted from its catchment area. A step change is required to attract more quality comparison goods retailers to the city, in particular more middle/upper market level fashion retailers. The North Westgate scheme, to which we refer later in this report, has an important role to play in this regard.

Mail Order and Internet Sales

2.25 The latest Experian forecasts indicate that 'e-tailing' currently takes 3.3% of the retail market and that this will rise to 9.7% by 2014. The growth of the e-tailing market share varies widely between different types of goods. The market share of the convenience goods market is only 2.1%, whereas that for some categories of comparison goods is very much higher.

2.26 There are definitional problems in examining this sector. Experian information indicates that internet sales have not grown as fast as was expected. However, this may be because the definition of 'Special Forms of Trading' includes sales only from companies whose sole business is internet trading, and excludes internet sales of companies that have retail outlets as well. In addition the Special Forms of Trading category includes mail order, which is declining thereby offsetting some internet sales growth within this overall sector.

2.27 There is little doubt that use of the internet will remain strongest for standardised products for which the shopper has no need to make shop window comparisons, e.g. books.

2.28 In so far as internet food trading is concerned, the planning implications have become clearer over time. Although internet food shopping has proved popular for some sectors of the population, it has become apparent that it has not lessened the need for new convenience goods floorspace provision to any significant degree. This is because generally internet orders are supplied using goods from the sales floorspace of the supermarket.

2.29 Whilst e-tailing will continue to be popular, we do not foresee it having a major impact on planning for new retail facilities in Peterborough.

3. National Planning Guidance

3.1 The key national retail policy guidance is contained within PPS6 Planning for Town Centres, published in March 2005. However, the guidance in PPS1 and PPG13 is of relevance, because of its linkages with PPS6 guidance. Also, having regard to the historic character of parts of the City Centre, we refer to the guidance in PPG15.

3.2 We identify below the key issues arising from national planning guidance, which we believe are of particular relevance to the City Council in planning for new retail and related forms of development.

Sustainable Forms of Development

3.3 It is a central goal of government policy to achieve sustainable patterns of development. This is addressed specifically in PPS1 Delivering Sustainable Development published in February 2005. The guidance in PPS1 forms the backdrop for other Guidance Notes, including PPS6.

3.4 Paragraph 5 of PPS1 requires that planning should facilitate and promote sustainable and inclusive patterns of urban development. Land is to be made available for development in line with economic, social and environmental objectives to improve people's quality of life. Related requirements are sustainable forms of economic development, preservation of the natural and historic environment, and high quality design.

3.5 The government's sustainability objectives relating to transport are set out in PPG13 Transport published in March 2004. They include the promotion of patterns of development which do not lead to increased car usage, and create maximum opportunities for the use of non-car modes of transport. Again these transport objectives are fed into PPS6.

Conserving the Historic Environment

3.6 Peterborough is a cathedral city and parts of the City Centre are historic in character with listed buildings and conservation area status.

3.7 Government guidance on protection of listed buildings and conservation of the historic environment is set out in PPG15 Planning and the Historic Environment published in September 1994. The first paragraph of the PPG states that it is fundamental to the Government's policies for environmental stewardship that there should be effective protection for all aspects of the historic environment. It goes on to say that the objective of planning processes should be to reconcile the need for economic growth with the need to protect the natural and historic environment.

3.8 Paragraphs 1.4 and 1.5 identify the links between conservation and economic prosperity, stating that:

"conservation and sustainable economic growth are complementary objectives and should not generally be seen as in opposition to one another. Most historic buildings can still be put to good economic use in, for example, commercial or residential occupation. They are a valuable material resource and can contribute to the prosperity of the economy, ……."

Conservation can itself play a key part in promoting economic prosperity by ensuring that an area offers attractive living and working conditions which will encourage inward investment - environmental quality is increasingly a *key factor in many commercial decisions. The historic environment is of particular importance for tourism and leisure, …….”*

3.9 PPG15 notes that many Conservation Areas are in the commercial centres of towns and cities. In these areas whilst conservation is a major consideration, it should not take the form of preventing all new development. The emphasis will generally need to be on controlled and positive management of change – paragraph 4.16.

3.10 This guidance is of relevance to Peterborough, where there is a need to attract new investment to historic streets outside the Queensgate Centre.

Planning for Town Centres

3.11 PPS6 Planning for Town Centres was published in March 2005, replacing the former PPG6 1996. It has emphasised further the government's commitment to sustainable development and focus on town centres.

Managing and Promoting Town Centres

3.12 The Government's objectives for town centres are set out in Section 1 of PPS6. The key objective is to promote the vitality and viability of town centres, by planning for the growth of existing centres, promoting and enhancing existing centres, focusing development in such centres, and encouraging a wide range of services in a good environment, which are accessible to all.

A Plan-led Approach

3.13 Section 2 describes the requirement for local authorities to adopt a plan-led approach. They are to plan for growth and manage change in town centres by:

“selecting appropriate existing centres to accommodate the identified need for growth by:
- 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 by, for example, promoting and developing a specialist or new role and encouraging specific types of uses in some 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.”

3.14 Paragraphs 2.5 and 2.6 refer to the need to consider the extension of primary shopping areas or town centres where growth cannot be accommodated in identified existing centres. They also refer to the benefits that larger stores may offer to consumers and the need to make provision for them in edge-of-centre locations.

3.15 The matters that are to be addressed in Plans at the local level are set out in paragraph 2.16. We quote them in full, because of their relevance to the issues under consideration in this report.

- *“assess the need for new floorspace for retail, leisure and other main town centre uses, taking account of both quantitative and qualitative considerations;*
- *identify deficiencies in provision, assess the capacity of existing centres to accommodate new development, including, where*

appropriate, the scope for extending the primary shopping area and/or town centre, and identify centres in decline where change needs to be managed;

- *identify the centres within their area where development will be focused, as well as the need for any new centres of local importance, and develop strategies for developing and strengthening centres within their area;*
- *define the extent of the primary shopping area and the town centre, for the centres in their area on their Proposals Map;*
- *identify and allocate sites in accordance with the considerations set out below;*
- *review all existing allocations and reallocate sites which do not comply with this policy statement;*
- *develop spatial policies and proposals to promote and secure investment in deprived areas by strengthening and/or identifying opportunities for growth of existing centres, and to seek to improve access to local facilities; and*
- *set out criteria-based policies, in accordance with this policy statement, for assessing and locating new development proposals, including development on sites not allocated in development plan documents."*

Policy Tests for New Development

3.16 Section 3 of PPS6 complements Section 2 in describing the tests that are to be applied in considering appropriate locations for 'main town centre uses'. These are:

a. *"the need for the development;*

b. *that the development is of an appropriate scale;*

c. *that there are no more central sites for the development;*

d. *that there are no unacceptable impacts on existing centres; and*

e. *that locations are accessible."*

3.17 Test c. is referred to as the sequential approach. Because of its significance to the matters under consideration in this report, we quote in full from paragraph 2.44 of PPS6.

"A sequential approach should be applied in selecting appropriate sites for allocation within the centres where identified need is to be met. All options in the centre (including, where necessary, the extension of the centre) should be thoroughly assessed before less central sites are considered for development for main town centre uses. The sequential approach requires that locations are considered in the following order:

- *first, locations in appropriate existing centres where suitable sites or buildings for conversion are, or are likely to become, available within the development plan document period, taking account of an appropriate scale of development in relation to the role and function of the centre; and then*

- *edge-of-centre locations, with preference given to sites that are or will be well-connected to the centre; and then*
- *out-of-centre sites, with preference given to sites which are or will be well served by a choice of means of transport and which are close to the centre and have a high likelihood of forming links with the centre.*

In considering alternative sites with similar locational characteristics in terms of the sequential approach, and having regard to the strategic objectives for the network and hierarchy of town centres set out in their development plan documents, local planning authorities should give weight to those locations that best serve the needs of deprived areas. The distance thresholds used in applying the sequential approach and for searching for appropriate sites will differ for different types of development."

Designation of New Centres

3.18 PPS6 makes clear that new centres should be designated through the plan-making process where the need for them has been established, such as in areas of significant growth, or where there are deficiencies in the existing network of centres, with priority given to deprived areas.

3.19 It also goes on to say that unless they are identified as centres in regional spatial strategies and/or in development plan documents, planning authorities should not regard existing out-of-centre development, comprising or including main town centre uses, such as shops, shopping centres, leisure parks or retail warehouse parks, as centres.

3.20 This guidance is relevant to circumstances in Peterborough.

Local Shopping and Other Services

3.21 PPS6 identifies the importance of providing local centres that are easily accessible to meet people's day to day needs and include services such as health centres and other small scale community facilities.

3.22 Paragraph 2.57 says:

"*Larger centres have in the past been the focus for much development and investment, but local planning authorities should consider whether a more balanced network of centres should be developed within their area. In particular, they should strengthen local centres by seeking to ensure that there is a range of facilities in local centres, consistent with the scale and function of the centre, to meet people's day-to-day needs, particularly in deprived areas."*

3.23 This guidance is relevant to circumstances in Peterborough.

Other Material Considerations

3.24 Paragraph 2.51 of PPS6 states that it may also be appropriate to take into account the following material considerations when planning for main town centre uses:

"physical regeneration; employment creation; economic growth; and social inclusion".

3.25 Unlike many areas of national planning policy guidance PPS6 is fairly prescriptive in the requirements made of local authorities in formulating retail policies as part of their development plans and when exercising their development control functions. We refer again to these requirements in our findings and recommendations.

4. Regional Planning Guidance

4.1 We refer in this Section to the Regional Spatial Strategy (RSS) and County Structure Plan.

East of England Plan

4.2 The RSS for the East of England is currently under review. The draft revisions, known as the East of England Plan (EEP) cover the entire region (Cambridgeshire, Essex, Norfolk, Hertfordshire, Bedfordshire and Suffolk), consistent with the current Government Office boundaries. Once issued, it will establish the broad development strategy for the region, and provide a framework within which local development documents can be prepared for the period to 2021.

4.3 The public examination into the Plan closed on 1st March 2006. The report of the Panel for submission to the Secretary of State was published on 22nd June. The Secretary of State's proposed changes to the draft Plan will be published for comment with a reasoned statement of the decisions late in 2006. The target date for publication of the Plan is Spring 2007.

Strategy for Peterborough

4.4 Recommendation R5.8 of the Panel report suggests deletion of Policies GPSR.1 and GPSR.4 referring to the Peterborough Sub-region, and their replacement by a policy identifying Peterborough as a Key Centre for Development and Change in the sub-regional chapter of the RSS as follows:

"Strategy for Peterborough

Within Peterborough, the strategy is for growth and regeneration to strengthen Peterborough's role as a major regional centre and focus of the northern part of the London-Stansted-Cambridge-Peterborough Growth Area. Policies will seek to achieve an increase of at least 20,000 additional jobs in the period 2001-2021 together with strong housing growth, sustainable transport improvements and provision of social, community and green infrastructure. These policies will include:

- *within the City of Peterborough, development and regeneration of the city centre to create an improved range of services and facilities including retailing, housing, leisure, cultural and green infrastructure provision, and the regeneration of inner urban areas;*
- *delivery of a significant and sustained increase in housing to implement the provision in Policy H1 of 25,000 additional dwellings for Peterborough UA between 2001 and 2021;*
- *seeking to attract investment in sectors of the economy that have particular scope for expansion such as further development of knowledge based sectors, public administration, retail and leisure services and environmental clusters;*
- *improving access to locally based further and higher education facilities through a strategy to establish and expand the provision of higher education and work towards the provision of a university;*
- *achieving within Peterborough city an increase in the use of public transport, walking and cycling and a reduction in car use; and*

- *improving transport choice between Peterborough and the rural areas.*

Peterborough Housing Requirements

4.5 The Panel requirement for 25,000 new houses by 2021 is an uplift of 3,800 houses on the figure in the draft Strategy (21,200). The following phasing requirement is recommended.

	2001-2006	2006-2011	2011-2016	2016-2021
Houses	4,650	6,800	6,800	6,800
Annual Rate	930	1,360	1,360	1,360

4.6 Housing completion rates to date in the City have been as follows

2001/2002	637
2002/2003	725
2003/2004	583
2004/2005	887
2005/2006	862
Total 2001/6	3,694

4.7 During the first 5 years of the 20 year plan period approximately 15% of the housing requirement has been met.

Peterborough Employment Requirements

4.8 During the same period (2001-21) at least 20,000 new jobs will need to be provided in the City, an uplift of some 2,600 jobs on the figure in the draft strategy (17,400).

Town Centres and Retail

4.9 The Panel Report recommends restructuring (and some deletions) of policies relating to 'Economic Development, Retail and Tourism'.

4.10 The former policies E9 and E10 are recommended to be combined into one new policy dealing with the 'Regional structure of town centres'. Within this new policy Peterborough is identified as of *"strategic importance for retail and other town centre purposes"*. The policy also requires that *"below the level of the centres of regional strategic importance local development documents will identify a network of more local town centres, district centres, neighbourhood centres and village centres.*"

4.11 The Panel Report recommends restructuring of Policy E12 to make it compliant with PPS6. The recommended wording is:

"Policy E12: Out-of-centre regional sub-regional shopping centres

No need has been identified for additional out-of-centre regional/sub-regional shopping centres, or for the extension of retailing at such centres during the plan period.

Local development documents will define the future role of centres of this kind, in particular to determine whether they should remain purely retail centres or alternatively, develop into town centres with a full range of service provision. This course will only be adopted where this would improve social, environmental and economic sustainability and deliver improved sustainable transport accessibility, particularly improved public transport access."

4.12 The Panel's recommendations are of significance in that they reaffirm the strategic importance and growth requirements within Peterborough, as well as the retail role of the City Centre and the importance of establishing a hierarchical network of centres within the City through the development plan.

Cambridgeshire and Peterborough Structure Plan

4.13 The Cambridgeshire and Peterborough Structure Plan was approved in 2003 and covers the period 1999 – 2016.

Town and Local Centre Policies

4.14 Policy P3/1 requires that the vitality and attractiveness of town centres are promoted and enhanced through the development and implementation of integrated City and Town Centre Strategies. These are required *inter alia* to support the role of the city and town centres as the primary locations for shopping. The policy also states that City and town centre boundaries will be defined in Local Plans, and that appropriate policies will be considered to support District centres.

4.15 Policy P3/2 deals with uses that attract large numbers of people, including shopping facilities. It says:

"Proposals for leisure and sporting facilities, shopping and other uses which attract large numbers of people should be focused in existing city and town centres. Where suitable city and town centre sites are not available, development should be located on edge-of-centre sites. Out-of-centre locations will only be considered where no suitable city, town or edge-of-centre sites are available. Proposals should:

- *be accessible by a range of transport modes, particularly public transport, walking and cycling;*
- *be of a scale appropriate to the size of the centre and its catchment area; and*
- *address an identified need in the plan area over the lifetime of the plan.*

Development that is appropriate in other centres will be defined in Local Plans."

4.16 The Structure Plan also encourages a range of facilities in local centres that are appropriate to the local role and catchment of the centre, having regard to residents' needs and the reduction of unnecessary travel. It refers to key local facilities including healthcare and education provision, local shops, post offices, banks and building societies, small scale leisure facilities, provision for places of religious worship and play areas and community halls.

4.17 Policy P3/3 says:

"Local Facilities and Services in Urban Areas

Local Planning Authorities will encourage the retention of local facilities and services within urban areas and assess the need for additional provision."

5. Key Issues and Needs In Peterborough

5.1 We identify in this Section key planning issues, which we believe should have a bearing on the formulation of strategic retail policies for the City. We draw on material from the previous Sections covering Retail Trends, National Guidance, and the Regional Spatial Strategy.

Achievement of Sustainable Forms of Development

5.2 We have noted in Section 3 that it is a central goal of government policy to achieve sustainable patterns of development. The form and location of new retail development has a key role to play in this respect.

5.3 PPS6 places great emphasis on steering new retail, and other uses that attract large numbers of people to town centre locations, in order to achieve sustainable patterns of development. Shops and commercial uses attracting large numbers of people are the economic mainstay of most town centres, including Peterborough. Shopping is also a major generator of trips by both car and public transport.

5.4 The location of shopping facilities in relation to residential areas also has a major impact on travel patterns, and therefore the achievement of sustainable patterns of development.

A Growth Area with New Investment Potential

5.5 The RSS growth requirements for Peterborough will give rise to an opportunity for a substantial amount of new retail development in the City.

5.6 In so far as convenience retailing is concerned there will be a need to provide good quality retail and community facilities in the new housing areas, which are accessible to residents' homes and do not generate unnecessary additional car journeys.

5.7 In so far as comparison goods retailing is concerned, strong population growth will be coupled with a high growth of comparison goods expenditure per head (noted in Section 2). This will provide an opportunity for the City Centre in particular to strengthen its role as a shopping destination, especially in the face of increasing competition from regional centres such as Cambridge, Nottingham and Milton Keynes, which are improving their shopping offer.

5.8 In commercial terms the high level of accessibility enjoyed by Peterborough by road (A1 / A14 corridors) and by rail (East Coast Main line), makes it a potential attractive location for new retail as well as other forms of investment.

5.9 Retail and related services are a growing sector of the economy, which should form an important part of Peterborough's regeneration strategy.

Regeneration and Conservation of the Historic City

5.10 Peterborough is a cathedral city and some parts of the City Centre are historic in character. Construction of the Queensgate Centre in the 1970s in the form of a large covered shopping mall brought about major changes in the City Centre. The weather protected malls introduced a new shopping environment, which was attractive to shoppers and widened the appeal of the City as a shopping centre.

5.11 However, like most large shopping developments of its era, the Queensgate Centre is inward looking and is not as closely integrated with the remainder of the City Centre's shopping streets as it might have been. Consequently the benefits of the increased attractiveness of the City Centre as a shopping destination have not been spread as widely through the City Centre as might have been the case.

5.12 The need to attract more investment and retail activity to the southern part of the City Centre has been identified in Consultants Studies for the Council (CB Hillier Parker 2000 and DTZ 2004) and in the Peterborough Local Plan.

5.13 The attraction of new investment to the older parts of the City Centre should be an important conservation as well as regeneration objective. We have noted in Section 4 that conservation and economic growth should not be seen as being in opposition to one another. There are many towns and cities in the country, where the historic character of the town/city centre is a key draw for shoppers and visitors. We believe that it is in the City's economic as well as its social and cultural interests to foster its historic heritage. The historic character of parts of the City Centre is an opportunity to exploit for the benefit of Peterborough as a whole. New retail investment has an important role to play in these areas

6. Retail Requirements and Opportunities

6.1 We set out below what we believe are the key requirements and opportunities of relevance to planning for new retail development in Peterborough.

The City Centre

6.2 We have noted above that Peterborough has been losing market share as a shopping destination and that there is a need to upgrade its shopping offer. In addition parts of the City Centre are in need of new investment as part of a regeneration / conservation strategy.

6.3 The Queensgate Centre has now been open for some thirty years. Consultants' studies for the City Council undertaken by CB Hillier Parker in 2000 and DTZ in 2004 have both identified a need for new comparison goods floorspace in the City Centre. This is being brought forward by Morley/Hammerson in partnership with the City Council in the form of the North Westgate scheme.

6.4 The North Westgate scheme is a northerly extension of the Queensgate Centre. It will contain a new anchor trader and quality comparison goods multiple retailers. We understand that it will give rise to a comparison goods sales area net floorspace gain of some 46,000 sq m.

6.5 The North Westgate scheme is of considerable importance in that its purpose is to maintain and enhance the shopping role of the City Centre. This accords fully with national retail guidance and strategic planning policy. The LDF policies should likewise support and protect expansion of the City Centre as is represented by major new shopping investment at North Westgate.

6.6 The ways in which new retail investment might be attracted to other parts of the City Centre, eg the Bridge Street area and the Market area, are considered in a separate report. It is important to ensure that, as far as possible, the differential between these less commercially buoyant areas and the Queensgate / North Westgate area are not exaggerated further by the new North Westgate proposals.

6.7 The objective should be to provide a balance of retail and other town centre uses within the City Centre, with the different areas of the centre performing different roles. Clearly Queensgate / North Westgate will attract the prime quality fashion retailing, which will act as a draw for the shopping centre as a whole. A beneficial role for the southern part of the City Centre would be for it to focus more on attracting value retailers, for which there is a strong demand in Peterborough because of the socio-economic make-up of its catchment population. Greater emphasis could also be placed on attracting specialist and visitor oriented shops and services to the Cathedral Square / Church Street / Cowgate area.

6.8 Issues such as appropriate boundaries for the Central Retail Area (CRA) and Primary Shopping Area (PSA), potential development sites, etc will be addressed in our separate strategy advice for the Central Area.

District and Local Centres

6.9 Peterborough has five existing district centres, four of which are planned centres. The table below indicates the gross retail floorspace in each centre, with the floorspace of the recent consents at the Bretton and Orton Centres separately shown. There is a significant difference in the size of each centre, which is indicative of the different roles that the centres perform within Peterborough's shopping hierarchy.

Peterborough District Centres Retail Floorspace (sq m gross)

Centre	Existing	Commitments	Total
Serpentine Green	25,687		25,687
Bretton Centre	9,179	4,246	13,425
Orton Centre	10,488	6,930	17,418
Werrington	4,204		4,204
Millfield	8,040		8,040

6.10 Serpentine Green has a City-wide catchment area, which has come about through the location, planning and design of the centre. It is extremely well located in relation to the primary road network of the City and highly visible. The comparison goods offer of Serpentine Green is of a totally different and higher order than the other district centres. The Tesco store alone has a very substantial comparison goods offer, including - clothing and footwear; sportswear and sports equipment; outdoor activity equipment, including for example cycles and tents; domestic electrical equipment, including TVs and Hi-Fi; as well as stationery, greeting cards, CDs, videos, and a limited selection of books and health and beauty products. There are also mainstream comparison multiple and fashion retailers within Serpentine Green, including – WH Smith, Boots, H&M, Burtons Menswear, New Look, Dorothy Perkins, Evans, Next, and Gap.

6.11 The Local Plan Inquiry Inspector noted that Serpentine Green had a City-wide catchment area and advised caution on any further expansion proposals at the Centre, because of potential impact on the role of the City Centre.

6.12 The Bretton and Orton centres are both of a more modest scale and serve a district catchment area only. They have become outmoded in terms of their design and retail offer. The Bretton Centre has been partially redeveloped and contains a modern large Sainsbury foodstore, Iceland and Boots. The Orton Centre is dominated by independent traders of limited strength in retailing terms.

6.13 Planning permission has now been granted at both the Bretton and Orton Centres for major redevelopment schemes that will increase the size, form and retail offer of the centres. Phase 2 of the Bretton Centre is already under construction. The Orton scheme has yet to commence and in its absence the Centre is particularly rundown and outmoded, and provides a poor facility for local residents.

6.14 The Werrington Centre, serving the northern part of the City, is a much smaller centre consisting of a Co-Operative foodstore with small units adjacent. It provides for the day to day convenience needs only of Werrington residents. There is a large population in this part of the City that is fairly remote from other shopping facilities. Despite the latter, it is likely that some Werrington residents are attracted to convenience and other shopping facilities elsewhere that provide a more attractive and wider shopping offer. In principle expansion of facilities at Werrington would appear desirable, if it can be achieved in practice meeting other land use and transport criteria.

6.15 Millfield is an inner city centre, and therefore quite different from the other comprehensively planned district centres. It contains a diverse range of mostly independent traders.

6.16 There are relevant points to note from the current role and differential performance of the existing district centres in the City. They illustrate how changing trends can make particular forms of shopping development obsolete. The Cressett Centre (Bretton) and Orton Centre are clear examples of this.

6.17 The size of retail units sought by retailers has changed significantly over time and this is directly related to the size of catchment area served by the facilities.

6.18 At the one end of the spectrum the large scale and types of comparison goods shops present at Serpentine Green has created a centre with a City-wide catchment area, and this has raised planning issues in relation to its appropriate role and potential impact on the city centre. At the other end of the spectrum the Orton Centre, because of its existing form (as well as proximity to Serpentine Green) has failed to retain retailers and become unattractive. The purpose of the expansion proposals for the Orton Centre is to remedy these failings. Likewise, as noted above, the limited scale and retail offer of the Werrington Centre is eroding its attractiveness for residents relative to other parts of the City.

6.19 The presence of large scale foodstores in the City with a wide catchment area can make nearby small centres vulnerable. Maintenance of their viability is an important consideration and a requirement of the County Structure Plan (Section 4).

6.20 The substantial housing growth for Peterborough identified in the RSS (Section 4) should provide the opportunity to improve the vitality and viability of some existing district and local centres. We note below that the majority of this housing growth will be provided on committed and brownfield sites and we presume therefore that much of this housing will be served by existing centres.

6.21 Having regard to the above, LDF policies for the district (and local centres) need to be flexible. An important issue when considering specific proposals will be to ensure that facilities are of an appropriate scale in relation to the catchment area that the centre is to proposed to serve. The issue of appropriate scale is identified both in national retail planning guidance (PPS6) and the current Local Plan.

6.22 It is clear that some of the fashion clothing retailers present at Serpentine Green (Burtons Menswear, Dorothy Perkins, Evans, Next, and Gap) risk a competitive overlap with the role of the City Centre. Although this is an important issue, planning has little control over this, other than through the scale of the centre as a whole and to some degree individual unit sizes.

6.23 Again although difficult to control, it may also be that some larger units in district centres could accommodate some of the larger format retailing which has been permitted in out of centre retail warehouses, although generally this should apply to facilities having a district-wide rather than City-wide catchment area.

New Expansion Areas

6.24 Planning for new retail development in the housing expansion areas raises particular issues.

Population and Housing Growth

6.25 We have referred in Section 4 to the RSS housing growth requirements for Peterborough. 25,000 new dwellings are to be provided over the period 2001–2021. Having deducted completions to date (Section 4), some 21,300 dwellings remain to be provided.

6.26 We also understand that taking into account existing commitments and potential delivery on urban brownfield sites, there remains a possible need for 8,000 dwellings or thereabouts to be accommodated in greenfield expansion areas. Household sizes are expected to decline over the plan-period. Allowing for this, we estimate that 8,000 new dwelling should accommodate some 17,500 people.

Theoretical Expenditure Capacity Thresholds

6.27 We are aware that there are a number of expansion options being considered by the City Council but no decision has yet been made. It is therefore helpful initially to consider the theoretical amount of convenience goods shopping floorspace that a population of 17,500 would support.

6.28 In broad terms the average expenditure per person on convenience goods is £1,500 per annum. 17,500 people would therefore generate some £26.25m of convenience expenditure per annum.

6.29 It is possible to make broad estimates of the amount of convenience goods floorspace that would be supported by £26.25m of convenience goods expenditure. The principal determinant is the sales density (turnover per unit of sales floorspace) achieved by stores. These do in fact vary greatly, according to the size and type of store and operator. Large foodstores catering for main food shopping trips achieve high sales densities. Neighbourhood stores and discount traders have lower sales densities. The table below indicates theoretical supportable floorspace based on high and low sales densities.

Scenario	Turnover £m	Sales dens £ p sq m	Sales F'space sq m	Gross F'space sq m
A (neighbourhood / discount store)	26.25	5,000	5,250	7,000
B (large supermarket / superstore)	26.25	10,000	2,625	4,039

Note:
Scenario A Neighbourhood or discount store - a gross/sales floorspace ratio of 100 / 75 is assumed
Scenario B Large supermarket/superstore - a gross/sales floorspace ratio of 100 / 65 is assumed

6.30 The above table shows that a catchment population of 17,500 persons is sufficient to support a large amount of new convenience floorspace, particularly if provided in the form of neighbourhood stores/discount traders. Discount stores typically have around 1,000 sq m sales area. A superstore may have around 2,000 - 2,500 sq m convenience goods sales area (very often with the equivalent amount of comparison goods floorspace also). In theory therefore this level of population growth could support either a new large foodstore or a number of new neighbourhood/discount stores.

6.31 However, this is a very theoretical exercise. It has no regard to trade inflows and outflows that would occur, which would be influenced by the size of a store and its location in relation to areas of new population growth. Large foodstores can draw trade from a wide catchment area, whilst discount stores tend to have a more local catchment.

6.32 It may therefore be that existing large foodstores in the City would be able to serve some expansion areas in the City, depending on the location of the new housing. Similarly if a new large foodstore were to be provided in the City serving a major expansion area, its catchement would be likely to extend into some existing housing areas.

Opportunities and Options

6.33 National planning guidance and local planning policy requires that new shopping provision accords with sustainability criteria and does not lead to unnecessary travel, particularly by private car. This must mean that local shopping provision should be close and accessible to residential areas.

Sustainable Options and Viability

6.34 One of the key factors that policy needs to address is the catchments that new development is expected to serve. The Council's principal controlling mechanism under planning powers is the form and scale of facilities that are acceptable. A balance may need to be struck between the commercial preference of operators and the need to achieve sustainable forms of development that are accessible by modes of transport other than car and that do not increase trip lengths.

6.35 *Prima facie* a new district centre anchored by a large new supermarket/ superstore would only be justified as part of a large new expansion area concentrated in one sector of the City. A more dispersed pattern of housing growth in a number of locations within the City is likely to be better served by new local and neighbourhood centres or, depending upon location, by existing district and local centres.

6.36 The advantage of a new district centre is that the larger catchment population generally makes the provision of other shops and services more viable e.g. pharmacy, confectionery/newsagent/tobacconist, dry cleaning, sub-post office, health facilities, etc. However, consideration does need to be given to the size of the anchor store and the range of services that it provides; both to ensure that it fulfils a district-wide as opposed to City-wide function, and to provide scope for separate adjacent facilities.

6.37 Generally, however, we do not think that commercial retail considerations should be a key driver determining the scale and form of housing expansion areas. The principal driver determining the scale and form of housing expansion areas should be achievement of sustainable patterns of development, which have regard to the economics of retailing but is not dominated by retailer commercial preferences.

6.38 Experience at the existing district centres in the City indicates that it would be undesirable to create a further district centre in the City in the form of Serpentine Green with a City-wide catchment area. On the other hand it is essential that new facilities are of a scale and form that are commercially viable.

6.39 Retailer operational requirements will determine minimum floorspace size thresholds, particularly for new foodstores. Shops and service facilities must be viable in terms of their own operational criteria. In particular the viability of shops and services will be influenced by the size of the catchment population that is available to them. They cannot be cross subsidised by other components of the expansion area.

Range of Facilities

6.40 We have referred in Section 4 to the Structure Plan recommended components of local centres - healthcare and education provision, local shops, post offices, banks and building societies, small scale leisure facilities, provision for places of religious worship and play areas and community halls.

6.41 Annex A of PPS6 provides the following definitions of District and Local Centres

"District Centres - District centres will usually comprise groups of shops often containing at least one supermarket or superstore, and a range of non-retail services, such as banks, building societies and restaurants, as well as local public facilities such as a library.

Local Centres - Local centres include a range of small shops of a local nature, serving a small catchment. Typically, local centres might include, amongst other shops, a small supermarket, a newsagent, a sub-post office and a pharmacy. Other facilities could include a hot-food takeaway and launderette. In rural areas, large villages may perform the role of a local centre."

6.42 The above definitions indicate the types of facility that it is desirable to provide close to residential areas, as district or local centres. We do not consider that it is appropriate to specify unit size thresholds as a matter of policy. As indicated in Section 2, retailing is a dynamic industry with requirements that change over time. Retail planning policies for the expansion areas should not therefore be over prescriptive. It would be preferable to specify the criteria that new retail development must meet, giving scope for the market to come forward with development schemes that meet these criteria.

Revitalisation of Existing Shopping Centres

6.43 Much of the City's housing expansion is likely to be in the form of extensions to existing housing areas already served by local shopping facilities. Some of the City's existing local shopping facilities are in need of revitalisation.

6.44 Consideration should therefore be given to whether in any particular circumstances new housing development nearby offers the opportunity to enhance the viability of existing centres, rather than the provision of new shopping. This could be of particular significance in the more deprived areas of the City. We recommend that this issue is addressed more fully as part of the appraisal of each expansion option, particularly in terms of the sustainability credentials of options. We would be able to assist the City Council with this.

Retail Parks

6.45 There are established retail parks (and retail warehouses) in the City. They are mostly in out-of-centre locations where planning permission would not normally be granted for new retail development.

6.46 The City Council has the opportunity to use the LDF to consider whether any of the retail parks warrant an allocation within a development plan document (DPD) as a retail centre. Such an allocation would need to be justifiable in terms of the role being performed by the retail park and its credentials in terms of the sustainability criteria relating to shopping centres.

6.47 From our knowledge of the City's retail parks, it does not appear to us that any of them warrant being specifically identified as shopping centres in the LDF.

6.48 There are a variety of issues relating to the retail parks of which we are aware. These include:

- a need for environmental improvements at some of the Parks
- a need to consider whether they can be made more attractive to forms of transport other than private car
- a need for more effective links with nearby residential areas
- consideration of what uses are acceptable and not acceptable within the Parks (other than already determined by planning consents in place)

It could be that some of these issues are of relevance to LDF policies.

6.49 A question raised in our terms of reference relates to the requirements of the sequential approach and whether it is justifiable in Peterborough. We comment on this in the following Section. However, it is relevant to note here that the sequential approach does not place an embargo on development that is not in-centre, if a sound justification for the proposal being located elsewhere can be made. The issues that we have raised in the preceding paragraph might form part of such justification.

7. Findings and Recommendations

Sustainable Development

7.1 The LDF policies will seek to achieve sustainable forms of development, which must apply to retail as well as other forms of development.

The Sequential Approach

7.2 The sequential approach, as advocated in national planning guidance and applying to a wide range of developments, is a key mechanism for achieving sustainable development.

7.3 One of the questions posed in our instructions relates to the requirements of the sequential approach, and whether there might be an alternative more flexible approach, having regard to Peterborough's growth and regeneration agenda.

7.4 We believe that this question goes to the root of the City's overall strategic approach for accommodating growth. Retail development cannot be considered in isolation from other forms of development. Indeed the sequential approach applies to most forms of commercial development, as well as new housing (in slightly modified form). The objective underlying the sequential approach is to achieve sustainable forms of development. This same objective must lie at the heart of the City's expansion strategy and therefore, *prima facie*, it is difficult to envisage that there would be any fundamental conflicts between the requirements of the sequential approach and the City's expansion strategy.

7.5 We cannot see what realistic alternatives there are to the sequential approach, if the City Council is pursuing sustainable forms of development as part of the City's expansion strategy. Furthermore, we do not think that application of sequential approach principles should disadvantage the City. First, we have noted in the previous section that the sequential approach does not place an embargo on any forms of development, if it can be justified in sustainability terms. Second, we do not believe that the planned expansion of the City in a sustainable way is likely to lead to sacrifices in terms of the attraction of new investment. The emphasis should be on creating a quality environment which will make Peterborough a more attractive place both for residents and those considering new investment in the City.

Priorities

Flexibility

7.6 As noted in Section 2, retail is a fast changing land use. LDF planning policies therefore need to be flexible and capable of responding to changing market requirements.

The Role of the City Centre

7.7 Achievement of a prosperous and attractive City Centre is of fundamental importance and will influence the perception of Peterborough as a whole.

7.8 LDF policies must therefore encourage expansion of the City Centre's retail function and protect the City Centre's role. If expressed in terms of protecting the role of different shopping centres within the hierarchy, protective policies need not be over prescriptive. For example, it should not be necessary to specify precise levels of permissible floorspace in centres.

Retail Hierarchy

7.9 The RSS (Section 4) refers to DPDs identifying a network of centres. The classification of centres (district, local, etc.) could be brought forward in DPD's as a means of identifying the appropriate role and function of centres, thereby assisting the exercise of development control.

Expansion Areas

7.10 The optimum size of shopping facilities to serve new expansion areas will depend upon the size and location of the expansion area. We recommend that, where practical and appropriate, encouragement is given to the revitalisation of existing shopping centres to serve new housing areas, rather than the provision of new centres, particularly in the more deprived parts of the City.

7.11 We do not consider that it is appropriate to specify size thresholds for expansion area shopping facilities as a matter of policy.

7.12 It would be preferable to specify the criteria that new retail development must meet, giving scope for the market to come forward with development schemes that meet these criteria. The key criteria should relate to the catchment that the shopping centre is intended to serve and the appropriate scale of the facilities to be provided.

Drivers Jonas
August 2006