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OXFORD CITY COUNCIL

Oxford City Council Local Plan 2036

Retail and Leisure Performance and Impact Threshold

BACKGROUND PAPER

INTRODUCTION

The purpose of this background paper is to discuss the current performance of retail and leisure provision in Oxford, and to set out the reasons why it is considered necessary to adopt a local floorspace threshold to enable the retail impact test to be applied in accordance with the National Planning Policy Framework (NPPF).

PLANNING POLICY CONTEXT

National Policy Advice

The NPPF (2018) states that 'when assessing applications for retail and leisure development outside town centres, local planning authorities should require an impact assessment if the development is over a proportionate, locally set threshold.' If there is no locally set threshold the default threshold is 2,500 m^2 of gross floorspace. This test is required to ensure that the impact of out-of-centre and edge of centre proposals on existing town centres is not significantly adverse. The assessment is required to consider the impact on a proposal on 'existing, committed and planned public and private investment in a centre or centres together with the impact on town centre vitality and viability.

Further guidance on setting a locally appropriate threshold is set out in National Planning Policy Guidance (PPG) and in particular the section concerned with 'ensuring the vitality of town centres'. The advice states that it is important to consider the following key factors:

- the scale of proposals relative to town centres;
- the existing viability and vitality of town centres;
- cumulative effects of recent developments;
- whether local town centres are vulnerable;
- likely effects of development on any town centre strategy; and
- impact on any other planned investment.

Local Plan Policy

Oxford fulfils an important role as a sub-regional centre that provides a wide range of services and facilities to both the city's residents and those living in the sub-regional catchment area. The city, district and local centres are the focus for a wide range of 'town centre uses', which amongst others includes retail and leisure uses. Oxford's hierarchy of centres will be used to direct 'town centre uses' to the most appropriate location with regard to their scale, function and character. Oxford's centres will be the first option for locating growth and development. Priority will be given to those centres higher on the hierarchy.

Policy V1: *Ensuring the vitality of centres*, is focused on the implementation of this 'town centre' policy, which seeks to direct the development of town centre uses to the City, district and local centres, based on their appropriateness to the scale, function and character of the centre.

Planning applications for retail and leisure development outside centres will be assessed according to their compliance with the 'sequential test' and an 'impact assessment' based on a local threshold of $350m^2$.

NATIONAL RETAIL AND LOCAL TRENDS IN OXFORD

The Retail and Leisure Study (2017) prepared by consultants (Carter Jonas) highlights the recent key challenges facing UK 'town centres'. These have included the *'downturn in the economy since 2007' and the growth of internet (multi-channel) retailing on consumer spending, retail development and retailers'* business strategies.

The forecasts for the economy and retail sector suggest that growth will continue in the short to medium term, albeit at a slower pace. There are however threats from a *'slowdown in global economies',* increase in interest rates and wider uncertainties from the *'potential fallout from Brexit.'*

Amongst these trends the growth of internet sales, which represents a 'special form of trading' is particularly significant and likely to increase, in 2016 the value of internet sales was £48.9bn representing an increase of 16%. This trend towards a greater increase in these 'special forms of trading' as a proportion of total retail sales is expected to rise from 14.9% for both comparison and convenience sales to 18.2% in 2021, then 19.7% in 2026 rising to 20.7% in 2033. This significant growth is considered likely to be 'sustained by new technology' and the 'development of interactive shopping.' The study does however suggest that such forecasts should 'be treated with caution' since significant proportions of both comparison and convenience of all SFT sales rely on traditional (bricks and mortar) retail space. The consultants advise that *'there is still a role for existing floorspace and physical 'store-based' retailing in town centres.'*

The Retail and Leisure Study 2017 and in particular section 3 shows that the 'town centres face a myriad of challenges,' which are expected to grow during the Local Plan period to 2036. The centres will therefore be required to 'adapt and embrace the new dynamics,' but it is recognised that there is still an important role for existing floorspace and physical 'store-based' retailing in town centres.

The Study confirms that the economy in general and retail in particular if 'forecast to experience growth over the short to medium term, although the pace will be slower. There is a recognition that there are however risks associated with potential changes in interest rates, the potential fall-out from Brexit and the international political scene. Whilst the growth of on-line shopping is 'affecting the vitality and viability' of many centres and high streets in the UK, there is still 'an appetite for new and extended shopping facilities in out-of-centre locations, which 'shows no signs of slowing.'

So although there are challenges to 'town centres' and High Streets in the UK the study concludes that 'industry experts still predict that the demand from major retailers for new physical space in the right locations with strong catchments will continue, as it still remains one of the primary mechanisms for retailers to 'reach' their customers, to grow their business and to increase market share and profitability.'

The consultants have highlighted the importance of the recent redevelopment of the Westgate Shopping Centre, which represents a 'positive investment' to the City centre responding to changing shopping and spending patterns.

Summary of the Recent Health Checks for 'Town Centres'

The Retail and Leisure Study 2017 carried out a detailed health check of the City centre and five existing District centres, comprising Cowley, Summertown, Headington, Cowley Road and Blackbird Leys. This assessment of the health and performance of these centres was based on a number of key performance indicators including the scale and diversity of uses; retailer representation and demand; commercial property rents; vacancy levels; accessibility and parking; quality of the environment; pedestrian footfall and customer views.

The key findings of the detailed health-checks of the City and District centres are as follows:

City centre

Oxford is a 'vital and viable centre'. It is currently ranked 42nd , which is likely to be improved following the recent completion of the Westgate Shopping Centre, which represents a major new investment in its shopping and service offer. The centre benefits from its local and sub-regional role which attracts shoppers, visitors and tourists. There is a strong and growing student population which adds to the strength of the City's retail and leisure economy. The key strengths are that the City centre has a welcoming and attractive environment, good accessibility, the presence of the University of Oxford comprising its historic buildings and students that underpin the daytime and evening economy. The centre has a good convenience provision of smaller supermarkets; together with a good range of multiple and independent retailers, recently strengthened by the opening of the Westgate Shopping Centre. The City centre has a good representation of leisure service provision, comprising three cinemas, two theatres and a range of cafes, restaurants and public houses. Overall the study concludes that the City centre has a 'very good range of shopping and leisure facilities typically found in a centre of its size and position in the retail hierarchy.

Summertown District Centre

The assessment showed the centre to be well located, having good accessibility and performing well against the key performance indicators. The centre was considered to be a 'pleasant environment' with a number of retail and community leisure facilities that 'are key attractors in contributing to the positive vitality and viability of the centre.' The key strengths included a strong convenience offer of small supermarkets, good mix of comparison stores, an above average provision of services with cafes and restaurants; together with some leisure facilities that attracts further people. There are no significant concentrations of vacant units, supports healthy rent levels and benefits from a vibrant evening economy.

Cowley Centre District Centre

The district centre comprises the Templars Square Centre and Templars Retail Park, which performs a dual role serving the local population but also a city-wide catchment area. The key strengths of the centre are that it is well served by both smaller convenience supermarkets and comparison goods provision. The units vary in size with Templars Square generally having smaller units whilst Templars Retail Park has larger units. It comprises a good mix of both multiples and independent retail and service uses. The centre has low vacancy levels and benefits from excellent accessibility both by public transport and by car.

Headington District Centre

The district centre principally meets the needs of its local resident population. Its key strengths are that it has a pleasant environment, has a strong food offer represented by five smaller supermarkets, a low vacancy rate, has a good representation of independent businesses of both comparison and leisure uses, together with some complementary multiples. The centre benefits from a regular street market which makes an important contribution to the vitality and viability of the centre.

East Oxford-Cowley Road District Centre

The district centre is predominantly meeting the needs of its ethnically and economically diverse resident population. Its key strengths are that is highly accessible by different modes of travel, has a strong convenience and service outlet provision, close residential catchment area. The leisure facilities comprise principally cafes and restaurants together with a thriving night-time economy with a range of leisure facilities. The centre has relatively low vacancy rates, which has benefitted from recent new investment. The District centre has good levels of accessibility both on foot, cycle and public transport.

Blackbird Leys District Centre

The district centre consists of a retail precinct surrounded by community facilities and housing. It is highly accessible and surrounded by a range of leisure provision. Its key strengths are that it is anchored by a small food supermarket, has good accessibility, no vacant units and has good community facilities. But has no comparison goods representation.

THE EXISTING FLOORSPACE CHARACTERISTICS OF THE CITY CENTRE AND DISTRICT CENTRES

The health-check undertaken by consultants as part of the Retail and Leisure Study shows that the provision of convenience, comparison, service and leisure units are generally accommodated in relatively small units. This is particularly true of the majority of the District centres, the only exception being the Cowley District Centre, which has the Templars Square Retail Park that does have some larger units. The City centre does fulfil both a sub-regional and local district centre role. So although the City centre has some larger units occupied by the multiples which include the department stores and the new units in the Westgate Shopping Centre, but generally the size of the units for convenience, comparison, service and leisure units within the City centre as a whole are relatively small. The consultants therefore consider that the quantitative and qualitative research evidence within the Study indicates that the City centre and smaller district centres are vital and viable they are nevertheless vulnerable to increased competition from out-of-centre retailing and the growth of internet shopping.

The Retail and Leisure Study, and in particular section 3 highlights the dynamic growth in smaller convenience stores operated by major grocers (ie. Sainsbury's Local, Tesco Express, Little Waitrose, etc). Although sizes vary from location to location, the main grocers are generally seeking new convenience stores (eg. Tesco Express, Sainsbury's Local, Little Waitrose) with a minimum gross floorspace of circa 4,000 sqft (372 sqm) gross. In these circumstances where these smaller stores are proposed on the edge or outside of smaller local/district centres, they could result in a significant adverse impact on their trading performance, and overall vitality and viability. This will be the case where centres, such as the City centre and District centres, are dependent on smaller supermarkets and convenience (top-up) stores to anchor their retail offer and generate footfall and linked trips/expenditure to the benefit of other shops, services and facilities.

The consultants consider that modern retailers selling a range of comparison goods (including fashion, homestore and bulky goods retailers) generally have requirements for larger format shop units with a minimum floorspace of approximately 5,000 sqft (463 sqm) gross. This scale of floorspace provides operators with the necessary minimum 'critical mas' of sales needed to display their full range of goods in-store and attract customers from a wider catchment area, particularly where they are co-located alongside similar stores in town centres and out-of-centre locations. In general terms larger format non-food stores of over 5,000 sqft (463 sqm) gross are also unlikely to trade as a purely local facility.

GENERAL PERFORMANCE OF LEISURE FACILITIES AND FUTURE NEED

The consultants caveated a number of their conclusions to the potential changes and shifts in population size, tourist presence, and general market demands. However, they did highlight several clear opportunities for improvements in Oxford. They noted that there is clear potential to improve and strengthen the leisure offer in the main centres to help stimulate their evening economies and increase “dwell times” during the day to the benefit of other shops, businesses and facilities. They suggested that across all centres attention should be paid to increasing provision within the main retail area rather than on the edge of the centre.

The theme of ensuring the proper location of leisure facilities dovetails well with the Local Plan’s approach to a hierarchy of centres, in that the consultants noted several times that new facilities – such as potential new cinemas – should be directed to town centres first. To complement this, they noted that there is potential to enhance the quality and type of food and drink offer (e.g. pavement cafes and quality restaurants) across all centres.

Beyond leisure facilities oriented around provision of entertainment, the consultants noted potential for further cultural, recreational, and family-oriented facilities. The City Council area benefits from a diverse range of arts and historic attractions the majority of which are located within or near the City Centre. These contribute significantly to the visitor economy of the area and need to be maintained and promoted to maintain their current status. The scope to expand the number and quality of the hotel provision in line with the demand from the visitor economy is subject to market demand and availability of sites. Beyond that, given projected population growth and compounded by the popularity of desire for a healthier lifestyle, there is potential scope to attracting new health and fitness facilities and support either new commercial facilities or budget gyms. Additionally, in terms of addressing future needs, the City Council could benefit from a wider range of family activities, such as a multi-use venue. The potential for new family activity venues will be subject to market demand, but again, should be directed to centre locations.

CONCLUSION

The consultants (Carter Jonas) in their Oxford Retail and Leisure Study conclude that based on their experience *‘it is reasonable for applicants proposing developments for new comparison and convenience goods retailing of 350 sqm and above to demonstrate that they will not have a significant adverse impact cumulatively with other commitments in the area, in accordance with the NPPF on any defined centre within the City Council area.’*

The study findings conclude that it is ‘*a reasonable impact threshold as it will provide the local planning authority with sufficient flexibility to assess the merits and implications of edge and out-of-centre food-store and comparison goods applications that could* *potentially have significant implications for the vitality and delivery of new or extended floorspace in these existing centres'*. The threshold should also apply to changes of use and variations of conditions.

The proposed threshold (350m^2) was considered by the consultants to be directly relevant to Oxford based on the assessment undertaken of the City and District centres as part of their study. This reflects their experience but also the minimum thresholds identified in recently adopted Local plans, such as Richmondshire DC, Rother DC, Rotherham Metropolitan Council, Stafford BC, Warrington BC, and Norwich City Council.
It is however recognised that the scope of any Retail or Leisure Impact Assessment in support of planning applications should be agreed with applicants at an early stage as part of the pre-application process. The scale and detail of the information sought will be proportionate to the scale and type of floorspace being proposed.

The City Council therefore consider that the proposed threshold of 350m^2 should be applied to both retail and leisure planning applications submitted for the edge and out-of-centre sites. It is clear from the health check assessment that the majority of the existing stock of both retail and leisure uses within the City and District centres are provided generally in smaller units. Therefore a lower 'local' threshold is considered justifiable to provide the opportunity for the local planning authority to properly assess the potentially adverse impact of new retail and leisure proposals.