

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**LOCAL PLAN COMMITTEE – WEDNESDAY, 27 JANUARY 2021**



<b>Title of Report</b>	<b>LOCAL PLAN REVIEW – UPDATE TO RETAIL AND LEISURE CAPACITY STUDY 2019</b>	
<b>Presented by</b>	Ian Nelson Planning Policy Team Manager	
<b>Background Papers</b>	<a href="#">Retail and Leisure Capacity Study - 2019</a>  <a href="#">Retail Study Update (2020)</a>  <a href="#">Adopted North West Leicestershire Local Plan</a>  <a href="#">The Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020 -                   https://www.legislation.gov.uk/uksi/2020/757/made</a>	<b>Public Report:</b> Yes
<b>Financial Implications</b>	The cost of the updated capacity study has been met from existing budgets which are reviewed as part of the annual budget setting process.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	None from the specific content of this report. In due course the planning policy implications of the retail evidence set out will be incorporated in a consultation document for the Substantive Local Plan Review. The Local Plan Review process as a whole must accord with the legal requirements set out in legislation and guidance.	
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	None identified	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To outline to members: i) the purpose of undertaking an updated Retail Capacity Study, ii) how and when it was undertaken; and iii) outline the key findings and overall conclusions.	
<b>Recommendations</b>	<b>THAT THE COMMITTEE NOTES THE FINDINGS OF THE UPDATED RETAIL CAPACITY STUDY</b>	

## **1.0 BACKGROUND**

- 1.1 The adopted Local Plan includes a number of policies relating to the development of our Town and Local Centres. They identify a hierarchy for the district's centres, detail how development will be managed in these centres, provide a locally evidence based threshold for impact assessments and also seek to ensure an appropriate balance of uses.
- 1.2 The review of the Local Plan which is currently being undertaken will cover the period to 2039 and is being updated to reflect the district's housing, employment, retail and leisure needs up to this period.
- 1.3 To support this review, North West Leicestershire commissioned Lichfield's to prepare a Retail and Leisure Capacity (RLCS). This was published in 2019 and the findings of this study were presented to Local Plan Committee on 27 February 2019 (<https://minutes-1.nwleics.gov.uk/ieListDocuments.aspx?CId=344&MId=1956&Ver=4>). However, given the implications of recent changes, namely new housing and population projections, the impact of the Covid-19 pandemic and changes to the Use Classes Order (UCO), North West Leicestershire commissioned Lichfield's to prepare a partial update of the 2019 Retail and Leisure Capacity Study (RLCS) for the district. The purpose being to have an up to date evidence base to inform the Local Plan Review. Therefore this 2019 study, alongside the Updated Retail Capacity Study (November 2020), will be used to inform future planning policy on retail and town centre matters as well as provide a wider strategy for the future of the district's centres for the period 2036.

## **2.0 OVERVIEW OF THE STUDY**

- 2.1 This 2020 update report provides a partial update of the 2019 study, which has been commissioned to explore the implications of recent changes including new housing, population and expenditure forecasts; potential implications of the Covid-19 pandemic and changes to the Use Classes Order (UCO). This update report should be read alongside the RLCS 2019. The update report clearly identifies the specific sections and paragraph references in the RLCS 2019 report, to be replaced.
- 2.2 The report provides the following:
  - An update of the retail and food/beverage floorspace capacity assessment based on the latest available population and expenditure projections. The retail needs are split between convenience requirements (Consumer goods purchased on a regular basis such as food/groceries and cleaning materials) and comparison requirements (Durable goods such as clothing, household goods, furniture, DIY and electrical goods).
  - A re-examination of the options for accommodating the identified floorspace capacity.

- A review of the potential policy options for the emerging Local Plan Review taking account of updated floorspace capacity projections and recent changes to the Use Classes Order (UCO).

### **3.0 KEY FINDINGS**

#### **Future Floorspace Capacity**

- 3.1 This section has used Experian's latest forecasts, including those for population growth, expenditure and special forms of trading (SFT) as well as the potential implications of the Covid-19 pandemic, both short term and long term impacts.
- 3.2 Future floorspace requirements are calculated taking into account future levels of expenditure, population growth, growth in home/internet shopping as well as any existing expenditure surplus. In overall terms, the updated study has concluded any need for new convenience good retail floorspace in the district is likely to relate to population growth or qualitative areas of deficiency. For comparison goods, it is generally considered that higher levels of growth are expected in the future, alongside a growth in special forms of trading such as 'Click ad Collect' and Home Delivery. More detailed requirements are provided below.
- 3.3 With respect to convenience goods, surplus expenditure up to 2036 indicates that there is capacity for additional convenience goods floorspace in the District of 6,473 sq.m gross. The RLCS 2019 suggested a much lower floorspace projection of only 960 sq.m gross. This difference can be accounted for by the recent closure of the Co-op Store on Bridge Road, Coalville and the higher population projections used for the updated Study. The RLCS 2019 used the adopted Office of National Statistics 2014 based Subnational Population Projections which indicated a population increase of +12.8% between 2018 and 2036. However, the most the up to date 2018 projections used to inform the 2020 updated study, suggest a much higher growth of +26.4% between 2018 to 2036.
- 3.4 With respect to comparison goods, surplus expenditure up to 2036 indicates that there is capacity for additional comparison goods floorspace in the District of 4,361 sq.m gross. The RLCS 2019 suggested a higher floorspace projection of 8,068 sq.m gross, due to the higher expenditure growth and a lower growth in turnover efficiency.
- 3.5 With respect to food and beverage floorspace, surplus expenditure up to 2036 indicates that there is capacity for additional food/beverage floorspace in the District of 2,560 sq.m gross. The RLCS 2019 suggested a marginally lower floorspace projection of 2,059 sq.m gross, due to the lower population growth suggested by the ONS's 2014 based SNPP projections.

#### **Accommodating Growth**

- 3.6 In terms of accommodating this growth, the table below summarises the floorspace projections by broad location up to 2026, 2031 and 2036. The distribution of floorspace is based on the Districts shopping role and maintaining its existing market share in the sub-region and expenditure patterns.

Table 1: Summary of floorspace projections up to 2026 (sq.m gross)

	Convenience	Comparison	Food/Beverage	Total
Ashby de la Zouch	103	553	128	784
Coalville	2458	501	75	3034
Other NW Leicestershire	625	177	90	892
Total	3187	1231	293	4710

Table 2: Summary of floorspace projections up to 2031 (sq.m gross)

	Convenience	Comparison	Food/Beverage	Total
Ashby de la Zouch	740	1191	724	2655
Coalville	3193	1077	425	4695
Other NW Leicestershire	944	379	514	1837
Total	4877	2647	1663	9187

Table 3: Summary of floorspace projections up to 2036 (sq.m gross)

	Convenience	Comparison	Food/Beverage	Total
Ashby de la Zouch	1342	1962	1114	4418
Coalville	3888	1774	655	6317
Other NW Leicestershire	1243	625	791	2659
Total	6473	4361	2560	13394

- 3.7 As with the previous study, the existing stock of premises should help to accommodate projected growth. This updated report also assumes that existing floorspace can increase its turnover to sales floorspace densities, particularly if a business can maintain recent growth in on-line sales through stores. Vacant floorspace and a growth in sales densities, should help to accommodate residual future growth and therefore not all of the projections in the above tables will require the development of new floorspace.
- 3.8 It is anticipated that following the Covid-19 crisis, there is likely to be an increase in the number of vacancies, reflecting a short-term oversupply of floorspace. In addition, the amount of vacant floorspace in Coalville has increased significantly due to the closure of the Co-op store at Bridge Road. However the longer term floorspace projections at 2026 and beyond, assume the reoccupation of this potential short term uplift in vacant space.
- 3.9 The report suggest that the existing stock of premises will have a role to play in accommodating the projected growth as vacant premises should help to accommodate some of the growth. The RLCS (2019) suggested that reoccupied vacant shop units in total could accommodate up to 3,550 sq. m gross and provided the following breakdown:
- Ashby de la Zouch Town Centre – 750sqm gross
  - Coalville town centre – 2,400 sqm gross
  - Other local centres – 400 sqm gross

Since the 2019 RLCS, the Co-op store at Bridge Road has closed, increasing the vacant floorspace in Coalville from 2,400 sqm gross to 5,100 sqm gross. This increases the availability of vacant space to 6,250 sqm gross.

- 3.10 If this reduction in vacant units can be achieved, then the overall retail and food/beverage floorspace 2026 projection of about 4,700 sqm gross, for the District as a whole could, in

theory, be accommodated using existing vacant accommodation. Although if these were turned over to other uses or redeveloped then this would not be the case. This therefore implies there is no pressing need to identify major new allocations for retail and food/beverage development in the short to medium term. In addition, the long term projection to 2036 would reduce from about 13,400 sq.m gross to about 7,150 sq.m gross.

- 3.11 The updated combined floorspace projection for this district at 13,400 sqm is marginally higher than the floorspace projection of 11,974 sqm concluded within the RLCS 2019. The mix of floorspace, for the reasons set out in paras 3.3 to 3.5, has however changed significantly, with a much higher requirement for convenience goods floorspace and conversely a lower requirement for comparison goods floorspace.
- 3.12 Some new convenience goods shopping may be required to serve new residential developments in the form of local/ neighbourhood centres, rather than new uses focused in existing town centres. Some of the projected food/beverage floorspace could also be provided in these neighbourhood centres.

### **Development Opportunities**

- 3.13 The RLCS 2019 reviewed potential development opportunities within both Ashby de la Zouch and Coalville Town Centre. These sites provided a theoretical capacity to accommodate 38,000 sq.m gross of retail and food/beverage floorspace, with 14,000 sq.m in Ashby and 24,000 sqm in Coalville. Having regard to these sites together with the potential occupation of 5,100sqm provided by vacant units, accommodation could be provided for nearly five times the projected floorspace capacity up to 2036.

### **Local Plan Policy Review**

- 3.14 The RLCS 2019 included a review of current Local Plan policy. This has been revisited in light of the findings of the update report and taking into account changes to the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG) in February 2019, and the fundamental changes to the UCO introduced in August 2020. The following recommendations have been made:

#### Retail Hierarchy

- The retail hierarchy defined in Policy Ec8 should be retained and remains appropriate based on the scale of facilities in each settlement and the retail floorspace projections in the update study. The policy could provide a clearer indication that a key objective is to maintain the vitality and viability of the centres identified within the retail hierarchy.

#### Impact Test and Thresholds

- Policy Ec9 sets out a local impact threshold, namely 1000 sqm gross for our town centres and 500 sqm gross for our local centres. The adoption of these lower thresholds is endorsed by the updated floorspace capacity projections and recent market conditions. However the policy wording refers to impact assessments for 'retail, leisure and office development' which is not entirely consistent with the NPPF which only refers to 'retail and leisure uses'. It is therefore recommended that this policy is amended and no longer refers to office development. Notwithstanding the

changes to the Use Classes Order, the policy however should continue to refer to retail and leisure uses rather than the new Use Classes Order.

### Town Centre Boundary and Primary Shopping Area

- Adopted Local Plan policy refers to town centre boundaries and primary shopping areas and these remain important when applying the sequential test. The NPPF indicates the first preference for retail uses should be the primary shopping area, and the first preference for other town centres uses is normally the wider defined town centre, which usually includes the primary shopping as well as other parts of the town centre. However since the merger of retail uses with many other main town centre uses the validity of this approach is questionable. For example, a proposed leisure use in Class E will satisfy the sequential test if it is located within the town centre boundary but outside the primary shopping area. The leisure use however could subsequently change to a retail use (Class E) without the need for planning permission.
- In light of the merger of retail uses and other main town centre uses, within the same use class, it is recommended that the Local Plan defines centre boundaries on the proposal map to provide clarification in relation to the need for a sequential and impact assessment. However, if the primary shopping area is retained this should only be in relation to Policy Ec10 - Town and Local centres: Primary Shopping Area – Non-Shopping uses.

### Appropriate Mix of Uses

- Policy Ec10 seeks to control non-shopping uses within the defined Primary Shopping Area (PSA) of the district's town and local centres and refers specifically to the need for Shops (Use Class A1) to be the predominant ground floor use within the PSA. The report suggested that this current policy approach could be hampered by the changes to the Use Classes Order. This has resulted in the creation of a new Class E "Commercial, Business and Service" Use Class, which has subsumed the existing Class A1 (Shops), Class A2 (Financial and professional services), Class A3 (Restaurants and cafes), and Class B1 (Business) use classes. Planning permission is not needed to change uses within this Use Class.
- It is suggested that Policy Ec10 be amended to refer to the Class E uses rather than Shops (Class A1) being "the predominant ground floor uses within the town and local centres." In order to counter balance the reduced control on the mix of uses reference to primary shopping areas could be removed. This would allow the policy to protect the loss of Class E uses across the town centre as a whole rather than just the primary shopping area. Other town centres uses, not within Class E e.g. sui generis uses such as takeaways, pubs and bars, would then still be considered against the other criteria in Policy Ec10 and this part of the policy should still refer to the matters/considerations such as "shopping element", "retail character" and "over-concentration of non-shop uses."

- Policy Ec12 considers granting planning permission for the loss of shopping and other main to town centre uses within the district's centres, if the premises have been vacant for at least 6 months, and subject to other criteria. The update study suggests that this policy's objectives are still relevant and not undermined by the Use Class Order changes.
- Policy Ec11 relates to hot food takeaways (previously Class A5). This use is now Sui Generis following the UCO changes. These UCO changes do not undermine the implementation of Policy Ec11 and its objectives relating to the impact on amenity, traffic, safety and the health of local residents remain valid considerations. No changes are recommended to this policy.

#### 4.0 NEXT STEPS

- 4.1 The findings from the updated Retail and Leisure Capacity Study, including the advice in respect of existing policies as outlined in section 3, will now be used to inform the drafting of policies in the Local Plan review and also the review of the town and local centre boundaries that is to be undertaken by officers. The study also specifically provides evidence on potential retail and leisure floorspace requirements which can be fed into our calculations of how much additional retail and leisure land will be required up to 2036. These matters will be the subject of future reports to this Committee.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	Insert relevant Council Priorities: <ul style="list-style-type: none"> <li>- Supporting Coalville to be a more vibrant, family-friendly town</li> <li>-</li> </ul>
Policy Considerations:	Adopted North West Leicestershire Local Plan  Policy Ec8 – Town and Local centres: Hierarchy and management of Development  Policy Ec9 – Town and Local centres: Thresholds for Impact Assessments  Policy Ec10 – Town and Local centres: Primary Shopping Area – Non-Shopping uses  Policy Ec11 – Town and Local centres: Primary Shopping Areas – Hot Food Takeaway Balance  Policy Ec12 – Local Centres
Safeguarding:	No issues identified
Equalities/Diversity:	An Equalities Impact Assessment of the Local Plan review will be undertaken as part of the Sustainability Appraisal.

Customer Impact:	No issues identified
Economic and Social Impact:	No issues identified at this stage. The Local Plan Review as a whole will deliver positive economic and social impacts and these will be recorded through the Sustainability Appraisal.
Environment and Climate Change:	No issues identified at this stage The Local Plan Review as a whole will deliver positive environmental and climate change benefits and these will be recorded through the Sustainability Appraisal.
Consultation/Community Engagement:	None
Risks:	<p>The study has been undertaken by an experienced consultancy who have previous experience of working on similar studies elsewhere in Leicestershire and further afield. They also prepared the previous Retail and Leisure Capacity Study (2019) on behalf of the Council.</p> <p>The previous Retail and Leisure Capacity Study was undertaken in 2018 and published in 2019. Given the implications of recent changes, including new housing and population forecasts and potential implications of the Covid-19 pandemic, there are concerns that some elements of the 2019 Study could be considered out of date. Not updating the study, which is a key element of the evidence base for the Local Plan Review, could potentially lead to the reviewed Local Plan being found unsound.</p>
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