

# **Warwick District Council**

## **Local Plan Examination**

### **Response to Inspector's Matters and Issues**

#### **Matter 9 - Retail and Town Centres**

Policies TC1 – TC18

#### **Issue**

Whether the approach towards retail and town centres is justified, effective and consistent with national policy.

**October 2016**

## Policies TC1 to TC18

Please note that a major part of the evidence base for the town centre and retailing policies in the Local Plan is the Retail & Leisure Study (Doc. R01) prepared by consultants Strategic Perspectives. Since completing the study, this company has merged with Carter Jonas. In preparing this Statement the Council has obtained an opinion from Carter Jonas on certain matters and these are attached as **appendix C**. For the avoidance of doubt, the author of this advice, Dr. Steven Norris, is the same person who authored the Retail & Leisure Study.

### **1. What is the evidence in terms of the overall need for additional retail floorspace and other main town centre uses?**

- a) The Council periodically undertakes retail and other assessments of its town centres to help inform planning policy and how it responds to planning applications. Major independent studies of the needs of all Warwick District's town centres have been undertaken in 2002, 2004, 2009 and, most recently, 2014 (R01).
- b) The 2014 Warwick District Council Retail and Leisure Study Update (R01) provides a high level strategic update of the quantitative and qualitative need for new retail floorspace (comparison and convenience goods) and commercial and leisure uses in the District and its three main centres. An overview of the main outputs is as follows:-

#### **Retail Capacity**

- c) The 2014 Study shows a significantly lower retail capacity, both for convenience and comparison goods when compared with the 2009 Study (and even the 2013 "Refresh"). This is probably the most significant finding of the Study. This is due in large part to:-
  - the impact of the recession and global economic downturn which have subdued expenditure growth forecasts,
  - changes in people's shopping habits and in particular the rise of on-line shopping
  - Evidence that all the District's main centres have experienced a decline in their market shares since the last household survey was conducted (2009).
- d) The 2014 Study does model the additional housing planned in the 2013 Local Plan Revised Development Strategy. Direct comparisons between the 2009 and 2014 studies are difficult in view of the different time frames for each report, however the general conclusions are set out below.

#### **Comparison goods<sup>1</sup> capacity (see table 1 and fig.1 below)**

- e) Key points arising in relation to comparison goods capacity are:
  - Projected capacity has fallen from 48,440m<sup>2</sup> by 2026 (2009 study) to 16,180m<sup>2</sup> by 2029 (2014 study).
  - All this capacity is within Leamington town centre.
  - There is no capacity (in quantitative terms) within either Warwick or Kenilworth up to 2029. Notwithstanding this, the Study advises that the Council should explore and identify opportunities to improve the scale and quality of the retail offer in these town

<sup>1</sup> Comparison goods covers items not generally obtained on a regular basis – clothing, footwear, household goods and recreational goods.

centres to maintain and enhance their overall vitality and viability, and address the centre's decline in their market shares and competitive position.

- Warwick District's comparison goods retail market appears to be broadly in "equilibrium" at 2013. There is no evidence of significant "overtrading", however, in Leamington there is some "pent up" residual expenditure.
- There is evidence across the district that less comparison expenditure is being "retained" within the district (i.e. people are spending more outside the district) than was the case in 2009. Nevertheless, within the core areas of Leamington, Warwick and Kenilworth, approximately 74% of comparison expenditure is retained, and Leamington in particular remains a popular destination for comparison goods shopping.

**Table 1: Comparison goods capacity (m<sup>2</sup> net)**

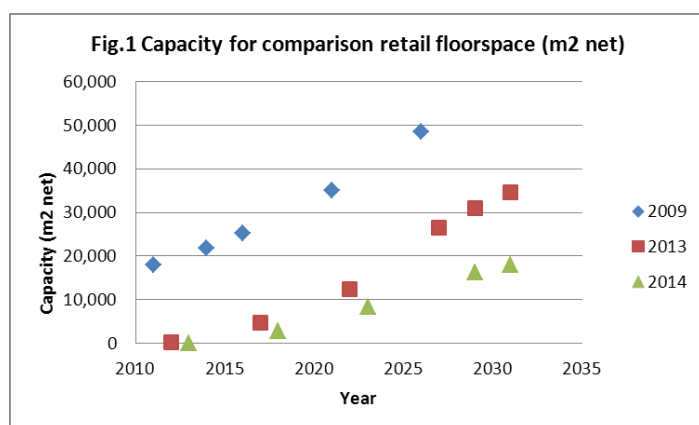
Study	2011	2012	2013	2014	2016	2017	2018	2021	2022	2023	2026	2027	2029	2031
<b>2009</b>	17,920			21,770	25,130			34,970			48,440			
<b>2013</b>		263				4,726			12,453			26,522	30,867	34,650
<b>2014</b>			-600				2,760			8,340			16,180	17,910

Sources:-

**2009: Table 9.9 (comparison goods floorspace capacity)**

**2013: Table 7.5 (revised comparison capacity forecasts)**

**2014: Table 8.2 (comparison goods capacity)**



### Convenience goods<sup>2</sup> capacity (see table 2 and fig.2 below)

- f) Key points arising in relation to convenience goods capacity are:
- Projected capacity has fallen from 5,210 m<sup>2</sup> by 2026 (2009 study) to 170 m<sup>2</sup> by 2029 (2014 study).
  - All this capacity is generated towards the latter end of the plan period. Indeed, there is estimated to be a negative capacity until 2029.
  - A major part of this difference is accounted for by the opening of new convenience stores across the district including Morrisons in 2013.
  - Notwithstanding this, the healthcheck and survey evidence points to a qualitative 'gap' in the foodstore offer of both Royal Leamington Spa and Warwick Town Centres.
  - There is evidence that Warwick District's foodstores are retaining a very high proportion (96%) of convenience spending.

<sup>2</sup> Convenience goods covers mainly food & drink but also items bought on a regular basis such as newspapers, tobacco and non-durable household goods.

**Table 2: Convenience goods capacity (m<sup>2</sup> net)**

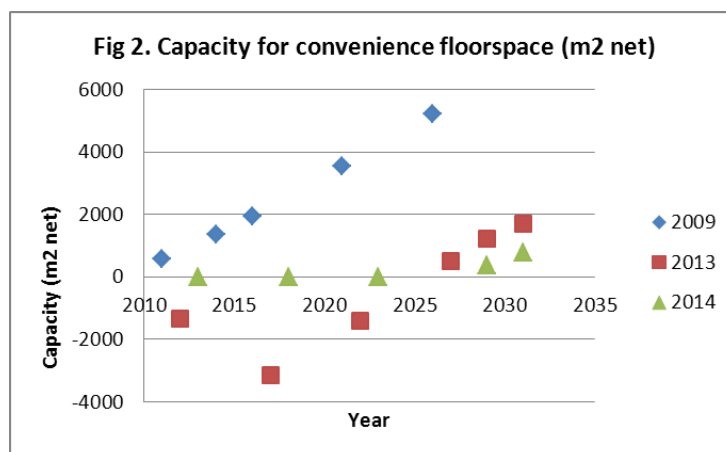
Study	2011	2012	2013	2014	2016	2017	2018	2021	2022	2023	2026	2027	2029	2031
<b>2009</b>	560			1,370	1,950			3,530			5,210			
<b>2013</b>		-1334				-3135			-1400			517	1,227	1,681
<b>2014</b>			-3,375				-2,520			-1,360			170	565

Sources:-

**2009: Table 9.10 (convenience goods floorspace capacity)**

**2013: Table 7.4 (revised convenience capacity forecasts)**

**2014: Table 8.1 (convenience goods capacity)**



- g) For both comparison and convenience floorspace, the report is clear that these conclusions carry a health warning because:
- Strategic Perspectives acknowledges that any projections beyond 5 years ahead should be treated with caution, and
  - The lack of a quantitative capacity does not mean that there is no qualitative case for providing new shopping floorspace in a town centre.

### Leisure uses

- h) There is currently a good choice of leisure uses across Warwick District and participation rates for certain uses is particularly high (especially restaurants, pubs/clubs/music venues and cultural activities). There is evidence of demand over the plan period for:-
- At least two branded health and fitness operators
  - Between 3,473 and 6,946 sq. m of A3-A5 uses (mostly to be directed to Leamington)
- i) Some additional cinema capacity may also exist as Leamington does not have a modern multiplex cinema.

### Key recommendations of the Study

- j) The key recommendations from the study are:
- Notwithstanding the lack of any quantitative capacity, new foodstore provision in Leamington and Warwick would help address qualitative gap and help vitality and viability of centre, dependent on the identification and availability of suitable and viable sites in these centres to accommodate appropriately sized stores.
  - Comparison floorspace capacity should be primarily directed at Leamington town centre.
  - WDC should explore and identify opportunities to improve the scale and quality of the retail offer in Warwick and Kenilworth to maintain and enhance their overall vitality and

viability and to help address declining market share.

- WDC should continue to update studies. Capacity forecasts beyond 5 years should be treated with caution.
- There is significant potential to increase the quality of the Class A3-A4 offer in the District's main centres, particularly outside the primary shopping areas in more secondary shopping streets where the demand for Class A1 uses is more limited.
- There is potential for a modern new cinema in Royal Leamington Spa to help strengthen its daytime and evening economy. This would need to be in a more prominent location than the existing cinema in the town. This will be subject to market demand and the identification of a suitable and viable site preferably in or close to the primary shopping area to maximise the potential for linked trips.
- Other new leisure facilities should be provided firstly in town centres.

#### **Updated Advice (2016)**

- It should also be noted that in preparing for this Examination, and conscious that the Retail & Leisure Study is now two years old, the Council asked its retail consultants Carter Jonas to comment on these capacity figures. Its advice is contained in **appendix C** to this Statement. Carter Jonas is of the view that these capacity figures should now be treated with caution. It comments:-  
*"The Council will be aware, for example, that since the last RLSU was published in April 2014 there have been a number of revisions to the key forecasts that underpin the retail capacity assessments; including to expenditure growth, floorspace 'productivity' growth and the market share of special forms of trading (including internet sales). Based on recent "refreshes" of retail capacity assessments we have carried out for other local planning authorities, we believe that these revised forecasts will effectively reduce the capacity for new comparison goods floorspace over the short, medium and long term."*
- Appendix C also points to a number of new permissions since the 2014 Study which will reduce the capacity for new comparison goods floorspace.

#### **2. Is the approach to the development of retail and other main town centre uses set out in Policies TC1-TC3 and TC5 justified and consistent with national policy? How is the sequential approach to be applied?**

- a) Individually, and collectively the policies TC1- TC3 and TC5 set a policy framework to enable potential investors to formulate development proposals that will be acceptable and successful given the local retail hierarchy, the role and function of each of the town centres and their particular historic and structural characteristics.
- b) Policy TC1 sets the context necessary to ensure that the scale of proposals for retail uses respect the particular role and function of each town centre in the local retail hierarchy. It is also important to ensure that any non-shopping proposals do not prejudice the shopping function of the District's town centres. TC1 also requires proposals for main town centre uses to be of an appropriate scale and design quality so that they can be successfully integrated given the historic nature of Leamington Spa, Warwick and Kenilworth.
- c) Policy TC2 directs development to the preferred locations within each town centre in order to maintain a strong and vibrant core for each. This policy sets out the sequential approach that should be applied in the analysis of potential development options (the application of the sequential approach set out in paragraphs 23 and 25 of the NPPF). This operates as follows:-

- The “*primary shopping areas*” (NPPF para 23) are the “retail areas” within the town centres. These are described in para. 3.55 of the Local Plan and comprise the primary retail frontages and secondary retail areas.
  - “*Edge of centre*” sites (NPPF para 23) are defined in the glossary to the NPPF. In practice, this covers most of the rest of the town centres as identified in the Local Plan. The Council has given priority to selected areas immediately adjacent to the “primary shopping areas” and these are described in the policy and in paragraph 3.56.
  - Provision for positive consideration to be given to “*other accessible location*” (NPPF para 23) in appropriate circumstances is also provided in the policy.
- d) Policy TC3 is intended to safeguard the critical mass/ high level of A class uses and floorspace required to ensure vibrant and viable town centres in Warwick District. This underpins the need to provide a diverse and meaningful amount of retail offer necessary to maintain competitive centres their continuation as attractive and successful destinations for shoppers.
- e) Given the particular importance of Leamington Spa as an acknowledged sub - regional shopping centre and the most attractive location for further substantive investment, policy TC5 sets out important criteria to be considered in any large scale shopping proposals. This policy responds to concerns that it is important that the environmental quality and physical capacity of the town centre are not compromised by new growth.
- f) The policy approach taken is considered to be consistent with national policy that promotes a ‘town centres first approach’ regarding the location of development proposals for main town centre uses. The policies also reflect the need to maintain competitive and managed town centre environments as set out in paragraph 29 of the NPPF.

**3. What is the basis for the town centre boundaries in Leamington and Warwick? Are they appropriate? Why do they include significant areas primarily in residential use? Is this consistent with the NPPF? How would this affect the application of other policies and the sequential approach? Should they be more focussed on areas of main town centre uses?**

- a) The NPPF (para. 23) recognises the role that residential development and uses can play in ensuring the vitality and viability of town centres. This is particularly relevant in both Leamington and Warwick in view of the character and historical development of both town centres.

**Leamington Spa**

- b) Leamington town centre comprises of two specific retail areas and is the principal shopping and commercial centre within the District. It is segmented into two halves by the River Leam, Jepson’s Gardens and the Pump Room and associated gardens that act as a physical separation of the ‘NewTown’ and ‘Old Town’ areas. Within Leamington, the town centre boundary has been drawn to recognise:
- the range of uses that make up the town centre, including retail, offices and public buildings;
  - the key public transport interchange of the railway station;
  - the employment area within Old Town
  - the open parkland (the Jephson, Pump Room and Victoria Gardens) that runs through the town centre giving it both a “green lung” and also helping to define its structure.

- c) Over successive Local Plans it has been considered important to have a town centre boundary that goes significantly wider than the core retail areas to make it readily apparent to potential investors that the town has particular structural and physical characteristics. In the case of Leamington, these characteristics relate to its historic development and the Regency gridiron street pattern and also importantly to the residential areas and the many Listed Buildings within the Conservation Area boundary.
- d) It has therefore been important to ensure that there is a clear understanding of the relationship between the areas of main town centre uses and the constraints imposed by surrounding land uses including the residential areas and associated conservation /heritage issues.
- e) It is a particular feature of Leamington that there are already a large number of people living in or close to the town centre. It is recognised that this relationship is not entirely a negative one. The residential areas and their population add vitality by frequenting the outlets and facilities within it. There is a sensitive balance to be struck between maintaining vibrant town centres (including supporting the evening and night-time economies) and maintaining areas which are attractive in which to live. By ensuring that the town centre boundary includes these areas, appropriate policies can be put in place to control this balance. The identification and inclusion of the residential areas within the town centre boundary assists potential investors in endeavours to identify possible sites that may be sequentially acceptable.
- f) For the reasons set out above it is not considered practical to tightly define/ focus the town centre boundary on areas of main town centre uses only.

### **Warwick Town Centre**

- g) Warwick Town centre is mediaeval in origin and its retail offer broadly comprises of several locations that are separated by other uses. The main retail locations are Smith Street, Swan Street/ the Market Place and to a lesser degree West Street. Within Warwick, the town centre boundary recognises:
  - Four distinctive retail areas separated by other uses;
  - An office area dominated by public buildings (the former Crown Courts and the offices of the County Council);
  - Some pockets of parkland that are surrounded by buildings.
- h) As with Leamington Spa, the Warwick Town centre boundary incorporates some significant residential areas, and recognises the sensitive relationship between these homes and the different uses that exist around them. Both town centres also contain significant parts of the towns' respective Conservation Areas.
- i) It is worth noting that during the preparation of the Local Plan, work commenced on a "Warwick Town Centre Plan". This was prepared by the Warwick Town Centre Partnership made up of a number of bodies including the Town, District and County Councils, the Warwick Society and the Warwick Chamber of Trade. A "preferred options" document was published and public consultation undertaken before this work was subsumed into the Local Plan. This Plan endorsed the extent of the town centre as set out in the Local Plan, recognising that it contains a number of areas of retail and commercial activity connected by other areas with a wider mix of uses. The Warwick Town Centre Plan - Preferred Options document (Sept 2012) has been submitted to the EIP (ref Exam 92).

**4. What is the basis for the definition of the Retail Areas in Leamington, Warwick and Kenilworth? Are they appropriate?**

- a) The basis for the retail areas set out on the town centre policy maps is that they prescribe the “primary shopping areas” (NPPF para. 23) and therefore the main focus for retail activity. The retail areas consist of the current primary and secondary retail frontages and buildings that are located across the three centres. The Retail Areas have been drawn to include all of those buildings, or groups of buildings, currently in an “A” class use. They include the main shopping streets but also some of the secondary areas where “A” class uses predominate but there may be a wider mix of uses.
- b) It has been considered necessary to define them thus, as functionally they are the retail heart of the town centres and as such the most sequentially preferential location for any additional retail proposals.
- c) It should be noted that the retail areas of Kenilworth are not located within and influenced by a Conservation Area boundary as is the case with Leamington Spa and Warwick.

**5. What is the basis for the threshold of 500sqm of floorspace in terms of the need for an impact assessment and the definition of “large scale”?**

- a) The basis for the setting of a locally set floorspace threshold above which applicants will be required to carry out an impact assessment is set out in detail within paragraphs 10.14 – 10.24, pages 88 and 89 of the Retail Study (R01). In particular, the Study draws attention to the Council’s proposals to bring forward a scheme on the Chandos Street car park. It states:

*“Based on shopping centres opened in town centres over the last decade it is likely that a significant proportion of the units in the scheme will be below the ‘default threshold’ of 2,500m<sup>2</sup> gross (26,910 sq ft). Together these units will accommodate the needs of major operators who will provide the necessary critical mass to help anchor the scheme and underpin its overall viability. However, if similar sized units were allowed out-of-centre without the requirement for a comprehensive retail impact assessment, then it would inevitably result in retailers and leisure operators choosing to locate and operate outside of the town centre. In the current market it is also clear that there is only a finite demand from retailers seeking space in shopping locations. It therefore follows that those retailers and leisure operators taking space in out-of-centre locations would be ‘lost’ from the town centre for good. (para 10.19).*

- b) For this reason, the Study concludes that *“the ‘default threshold’ of 2,500m<sup>2</sup> gross could have a significant adverse impact on the local planning authority’s strategy and plans to attract new investment and business to its main town centres (and specifically the Chandos Street car park development opportunity). As a result we recommend that a lower floorspace threshold is set for the District.”* (para, 10.20).
- c) The 500sqm threshold position was therefore taken in order to enable a full assessment and determination of the impact of new out-of-centre floorspace on the vitality and viability of the District’s centres, including the impact on existing, committed and planned public and private investment in accordance with the NPPF (para 26) whilst at the same time reflecting the local situation in Warwick District. The Council’s retail consultants have set the 500sqm threshold on the basis that they consider proposals above this quantum are unlikely to be a purely local facility and they will tend to draw trade from outside of their immediate local catchment. This would have the potential to result in shopping patterns that would impact on town centre vitality and viability (see para10.22 to10-24 of the Retail Study (R01).



**6. Is the proposed allocation at Chandos Street, Leamington (Policy TC4) appropriate and justified? What is the planning history of the site? How would development contribute to meeting the need for additional floorspace? Are there any particular constraints to development and is it viable and realistically deliverable?**

- a) The proposed allocation at Chandos Street has a long planning history as the District Council has worked to understand the need for further investment in Leamington town centre and bring forward sites to meet this need.
- b) The Council periodically undertakes retail and other assessments of its town centres to help inform planning policy and how it responds to planning applications. Major independent studies of the needs of all Warwick District's town centres have been undertaken in 2002, 2004, 2009 and, most recently, 2014 (ref: Doc. R01).
- c) Studies in 2002 and 2004 identified the need for Leamington town centre to proactively plan, manage and invest to meet the need for increased competition from other towns and shopping destinations in the region. Nearby centres such as Banbury, Stratford, Rugby, Solihull and Birmingham were all seeing significant retail investment in their centres at this time. Independent projections in 2004 were that the capacity for further new comparison retail floorspace in Leamington would be 37,600 sq. m (405,000 sq. ft.) by 2016.
- d) In response to this, the District Council began to explore the most suitable and viable sites within Leamington town centre that could accommodate major retail development. Having looked at all possible sites in the Leamington town centre, the site at Chandos Street was selected for the following reasons:-
  - The core site (the car park) is in District Council ownership. As a surface car park, it is likely to be the most viable to redevelop. There is no known land ownership or other constraints to its development.
  - Although it is an island site lying behind the main retail frontages on both The Parade and Warwick Street, the site is visible from Warwick Street and redevelopment may offer the potential to incorporate other buildings to increase the site's profile and visibility. This approach was successfully achieved in the development of the Royal Priors Shopping Centre in 1988 where direct access onto both The Parade and Warwick Street were achieved.
  - The site lies immediately north of the Royal Priors Shopping Centre and therefore potentially forms a logical extension to existing pedestrian footfall circuits in the town. These locations and features are shown in the plan in **appendix A** to this Statement.
- e) In December 2004, the District Council resolved to bring forward the Chandos Street site and embarked on a process of preparing a development brief and undertaking a procurement process to select a development partner. An independently commissioned Sequential Assessment, carried out in 2006, further endorsed the selection of Chandos Street as the most suitable site for new retail development.
- f) In 2007, the District Council confirmed Wilson Bowden Developments (WBD) as its partner to deliver a scheme focussed on the Chandos Street car park site. Following a significant design exercise, including public consultation, WBD submitted a planning application for the "Clarendon Arcade" scheme in March 2010. This was for a mall scheme of 19,900 sq m of new retail units in total including a new "anchor" department store, 512 car parking spaces

and nine town houses. Details of the planning application are shown in **appendix B**. It should be noted that the scheme involved a significant amount of additional land in third party ownership as well as the Chandos Street car park itself.

- g) In 2011 the District Council planning committee refused the planning application. The reasons for the refusal reflected the Planning Committee's concerns about the perceived bulk and mass of the development and its impact on the character and appearance of the Conservation Area and historic street pattern. Councillors did not dispute the need for the scheme, or Chandos Street as a location for major retail growth.
- h) Since 2011, the District Council has continued to work with WBD to explore how a revised scheme could come forward for the site. In doing so, it is recognised that the economic landscape against which major retail proposals are coming forward across the country has changed dramatically since the time when WBD began to work with the District Council and develop its original proposals. This was clearly reflected in the conclusions of the 2014 Retail & Leisure Study (R01) which highlighted factors such as more subdued expenditure growth forecasts and the growth of "special forms of trading", most notably online shopping as impacting on the need for further retail floorspace (see para. 8.52). The Study consequently forecast levels of growth in capacity for comparison (and convenience) goods significantly below those forecast in previous assessments (see response to question 1 above).
- i) Notwithstanding the difficulties in bringing forward larger and more ambitious schemes in the past, the District Council remains confident that the Chandos Street site is both an appropriate development site and is still viable and deliverable for the following reasons.
  - i. The reasons why the site was selected in 2004 as the most suitable site for a major town centre expansion remain true today. There have been no significant changes in and around Leamington town centre over the last 12 years which have produced significant new development opportunities. Leamington's historic character, Conservation Area constraints, proliferation of Listed Buildings and grid-iron street pattern continue to constrain how growth in the town centre will occur and restrict the number of new development opportunities that will be created. Furthermore, there have been no major new shopping developments in Leamington town centre since the opening of "Regent Court" (see policy TC9) in 2005.
  - ii. The only major site within the heart of the town centre on which there is currently the prospect of any significant change is the Covent Garden (multi storey and surface) car park (see plan in appendix A). This is on the opposite (western) side of The Parade from Chandos Street. This site had been considered in the past as a potential alternative location for major retail growth, although always considered less suitable than Chandos Street in view of (a) Chandos Street's better linkage with existing pedestrian shopping routes (and its proximity to the Royal Priors Shopping Centre) and (b) the presence of the existing multi storey car park at Covent Garden. Covent Garden has recently (April 2016) been selected as the location for a new headquarters office for the District Council (freeing up land at Riverside House (allocation H14) for housing) and a new multi storey car park. This development is expected to be completed by the end of 2018. There is therefore no realistic prospect of this site coming forward for retail or other town centre uses.
  - iii. As noted in (h) above, recent independent forecast of growth in retail capacity into the future are much more subdued than was the case in earlier retail studies. The forecasts in the 2014 Retail & Leisure Study show a comparison goods capacity in Leamington town centre of between 11,310 sq m and 16,670 sq m (see doc. R01 para. 8.53 and table 8.3) by 2029. The Study considered that this requirement could be met on the Chandos Street site (8.55). In preparing for this Examination, and conscious that the Retail & Leisure Study is now two years old, the Council asked its retail consultants Carter Jonas

to comment on these capacity figures. Its advice is contained in **appendix C** to this Statement. Carter Jonas is of the view that these capacity figures should now be treated with caution. It comments:-

*“The Council will be aware, for example, that since the last RLSU was published in April 2014 there have been a number of revisions to the key forecasts that underpin the retail capacity assessments; including to expenditure growth, floorspace ‘productivity’ growth and the market share of special forms of trading (including internet sales). Based on recent “refreshes” of retail capacity assessments we have carried out for other local planning authorities, we believe that these revised forecasts will effectively reduce the capacity for new comparison goods floorspace over the short, medium and long term.”*

Carter Jonas also points to a number of new permissions since the 2014 Study which will reduce the capacity for new comparison goods floorspace.

- iv. It should also be noted that policy TC4 specifically refers to the site being allocated for “a major town centre development proposal to comprise of retail and other appropriate main town centre uses.” “Main town centre uses” are defined in the NPPF and, unlike the previous Clarendon Arcade proposal, it is possible that the site may be developed for a mix of uses that will include, but not be restricted to, retail. The 2014 Retail & Leisure Study (chapter 9) identified a demand for further food and drink outlets (use class A3) as well as cinemas and health and fitness centres within Leamington town centre.
- v. The Council acknowledges that delivering any major town centre development remains challenging; however it is confident that any new scheme on the Chandos Street site is both viable and deliverable. Any final scheme is likely to involve less additional land outside the Council’s ownership than the previous Clarendon Arcade scheme, thereby reducing development costs. Furthermore, the Council has taken a major step to make the scheme more viable in one important way. It was a requirement of the 2010 Clarendon Arcade proposal that it replaced the 150 car parking spaces that will be lost when the Chandos Street surface car park is closed. This added to the development costs of that scheme. In committing to redevelop and replace the nearby Covent Garden Multi storey car park alongside its new headquarters building (see point (2) above) the Council has built in extra capacity into the new car park to meet any demand from Chandos Street. This will make the de-commissioning of Chandos Street and its redevelopment for other uses, easier and cheaper. The Chandos Street site will therefore be available for development as soon as the new Covent Garden car park is completed. This is currently estimated as being by the end of 2018.
- j) In conclusion, the Council still strongly supports the allocation of land at Chandos Street in the Local Plan. For the above reasons it considers the site appropriate and deliverable. It is an essential part of the Council’s strategy to support development in Leamington town centre in accordance with the principles in the NPPF. It is also all too aware of the challenges inherent in bringing forward any town centre scheme such as this, and the need to maintain investor and market confidence as it does so. Carter Jonas in its advice to the Council contained in appendix C is clearly of the view that the *“inevitable consequence in this case of removing this site and policy from the emerging Local Plan would be to create significant risk and uncertainty for Leamington Spa at a time when the centre is facing increasing challenges from online shopping, out-of-centre retailing and competing neighbouring centres. The delivery of Chandos Street for new retail and mixed use development is therefore critical to the Council’s strategy and key objective of maintaining and improving the town’s vitality and viability, and strengthening its position in the sub-regional hierarchy of centres and the*

*national rankings.”*

**7. Is the approach to Primary Retail Frontages set out in Policy TC6 justified and consistent with national policy? What is the basis for the figures of 25% and 16m?**

- a) Paragraph 23 of the NPPF requires Local Plans to set out policies for the management of town centres over the plan period. In particular it stipulates a requirement for Local Plans:-
  - to identify the primary shopping areas, based on a clear definition of primary and secondary frontages in designated centres, and
  - to set policies that makes clear which uses will be permitted in such locations.
- b) Over successive Local Plans, the Council has surveyed, re-assessed and identified the primary shopping areas and primary retail frontages in the District’s town centres. It has set out clear policies to define the type and proportion of uses that are acceptable (based on local circumstances).
- c) The District has set a cap on the proportion of non – retail (A1) frontage permitted within its primary frontages to arrest, (and in some cases recover) trends that have seen excessive levels and groupings of non-A1 uses in these most important retail frontages. The Council considers that it is appropriate to manage the primary retail frontages in this manner to ensure the continued success of the District’s town centres as shopping destinations by maintaining the retail character and function of these core areas.
- d) The figure of 25% has been utilised to ensure that the primary retail frontages remain strongly represented by A1 uses and that they are clearly differentiated from the secondary frontages where a more relaxed regime is intended.
- e) An important and attractive component of the retail offer to be found in the town centres of Warwick District (particularly Royal Leamington Spa) is the number and variety of independent retail outlets. The sub-division of these units by multiple retailers and food / drinking establishments has caused a decline in the availability of units for independent enterprises. 16 metres is considered to be the equivalent of two or three traditional independent retailer shop frontages.

**8. Is the approach to Secondary Retail Areas set out in Policy TC7 justified and consistent with national policy? What is the basis for the figures of 50% and 16m?**

- a) Paragraph 23 of the NPPF requires Local Plans to set out policies for the management of town centres over the plan period. In particular it stipulates:-
  - a requirement for Local Plans to identify the primary shopping areas, based on a clear definition of primary and secondary frontages in designated centres, and
  - To set policies that makes clear which uses will be permitted in such locations.
- b) Over successive Local Plans, the Council has surveyed, re-assessed and identified the primary shopping areas and secondary retail frontages in the District’s town centres. It has set out clear policies to define the type and proportion of uses that are acceptable (based on local circumstances).
- c) Secondary retail areas are all of the areas that make up the “retail areas” of the district’s town centres (i.e. the primary shopping areas identified in the NPPF) that are not otherwise defined as primary retail frontages. Secondary retail areas are still essentially shopping

areas, therefore it is considered important to maintain a predominance of retail uses (hence the 50% threshold) whilst enabling the provision of a wider diverse range of other acceptable uses to provide vital and viable town centres.

- d) The figure of 50% has been utilised to ensure that the secondary retail elevations remain strongly represented by A1 uses whilst being sufficiently different from the primary elevations where a more stringent regime is proposed.
- e) An important and attractive component of the retail offer to be found in the town centres of Warwick District (particularly Royal Leamington Spa) is the number and variety of independent retail outlets. The sub-division of these units by multiple retailers and food / drinking establishments has caused a decline in the availability of units for independent enterprises. It has been necessary to use the 16m criteria to limit the sub-division of such outlets. 16 metres is considered to be the equivalent of two or three traditional independent retailer shop frontages.
- f) The addition of Hotels (Use ClassC1) and leisure and assembly uses (Use ClassD2) to the list of acceptable uses within Secondary retail frontages (a relaxation of the approach taken in the previous Local Plan) has widened opportunities that may create footfall and add vitality to the town centre.

**9. Are the boundaries for the Warwick Café Quarter and the Leamington Spa Restaurant and Café Quarter appropriate? What is the basis for them? Is the approach set out in Policies TC8 and TC9 justified, should it be more flexible?**

- a) Warwick Café Quarter (Policy TC8) is considered an appropriate response to an identified need and an opportunity first highlighted by the DTZ Retail study (2002). It aims to create stronger physical links between the retail focus of the town centre and the Castle. It is intended to achieve this by enabling the creation of more attractions in the town centre and making visitors aware of them. It also recognises the opportunity to capitalise on improvements made to the Market Square that removed traffic / parking conflict and created a meaningful, open and pedestrian friendly area for public events and the weekly market. In creating a policy environment where further A3 and A4 uses will be encouraged it is intended to create a destination that will attract more visitors from the Castle. In doing so, it will complement the town's shopping function and provide a focus for leisure uses and the promotion of the evening economy. Given the prevailing (testing) economic conditions investment has remained limited; however the carry-forward of this strategy (it is also contained within the previous Local Plan) and its flexibility is considered to be a logical progression.
- b) A related / similar strategy for part of Leamington town centre was also considered appropriate for inclusion in the local plan (Policy TC9). The basis to have a more relaxed regime is that the street as a retail A1 destination has not proved to be as successful as envisaged. Modest footfall/ pedestrian circulation statistics have supported this along with data on the failure/ turnover of lettings throughout the life of this development. The Policy TC9 approach is to allow a more relaxed regime and identify this area as a particular attraction (as Leamington's only fully pedestrian-only street) to become a centre/ focus for A3 type outlets. A degree of control on the amount/ proportion of A4 and A5 units was considered appropriate to protect the residential amenity of the flats in this locality above Regent Court.

- c) Benefits of this approach are intended to increase the footfall and pedestrian circulation in this area (and the town centre as a whole) drawing more people to the lower Parade with associated benefits to the retail offer in this locality and south Leamington.

**10. Is it sufficiently clear where the Warwick Town Centre Mixed Use Area is? Is the approach set out in Policy TC11 consistent with that in Policy TC2?**

- a) The intention of policy TC11 is to define the area of the town that is important as a link between the two defined retail destinations of Swan Street/ Market Place and Smith Street/ St Johns. This policy sets out a range of uses that will be acceptable within this area that currently has no one predominant land use.
- b) The Council accepts that the definition of the boundary / extent of this area could be made clearer on the Proposals map this is a matter that can be addressed with a higher definition/ better quality map being prepared going forwards.
- c) The Council contends that this approach is consistent with TC2 that identifies the mixed used area as the next sequentially preferential location for development proposals after consideration of the retail areas.

**11. Is the approach set out in Policy TC12 justified, should it be more flexible given the location within Town Centres?**

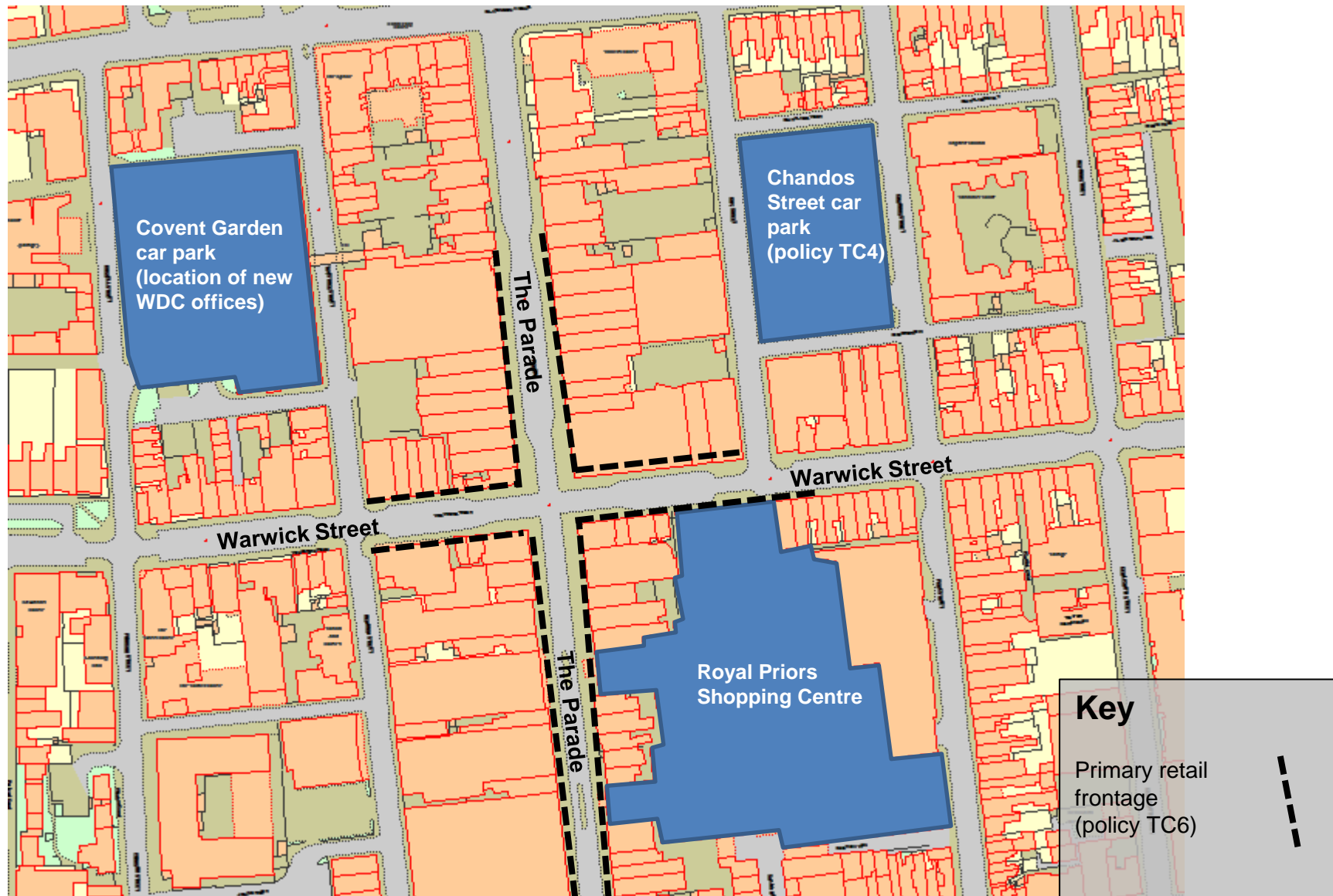
- a) The Council has taken the view that in order to support “competitive town centre environments” (NPPF para. 23), there should be a flexible planning framework in place which does not impose arbitrary restrictions on changes of use where these relate to appropriate town centres uses. Policy EC3 is an example of this. This policy, which seeks to resist the loss of “B class” employment uses, is specifically not applied to town centres.
- b) The Council is however, keen to support employment uses within town centres. In accordance with the NPPF, therefore, the Council encourages a range of suitable uses within town centres, including offices. There are specific areas within Leamington and Warwick town centres which have a concentration and a critical mass of employment uses. This critical mass gives these areas an employment focus and a character. These areas are along Holly Walk and Althorpe Street in Leamington town centre, and in the vicinity of Shire Hall in Warwick town centre. Seeking to protect the employment uses within these areas is therefore appropriate and is supported by the findings of the 2013 Employment Land Study (EC03).
- c) The Council recognises that there is a balance to be struck between providing a flexible framework to enable town centres to grow and evolve, and in protecting uses within town centres which are important to support diverse and vibrant town centres. It considers that it has done so in the case of employment uses in this instance, and it would point to the following as evidence of this balance:-
- In drafting the policies of the Local Plan, the Council considered the character of any potential town centre employment area and only allocated those areas which exhibit clear employment characteristics with a predominance of ‘B’ class uses. In the previous adopted Local Plan (ref: O02), there was a similar policy to protect designated employment areas within town centres (policy TCP9). In addition to the two areas identified in Leamington town centre in the new Local Plan, a third was identified along Clarendon Place on Warwick Street. In the time since the adoption of the Local Plan in 2007, the Council considered that this area had changed and no longer exhibited the

characteristics of a predominantly employment area. The introduction of a number of other uses (including D1 uses (dentists and clinics) and residential) had changed its character. The Council therefore decided not to continue with this allocation in the new Local Plan.

- Although the equivalent policy in the current adopted Local Plan does, like TC12 in this Plan, place a presumption on retaining employment uses, it does not do so where there is evidence that an employment use is no longer viable or appropriate in a specific instance. An example is at 9 Clarendon Place on Warwick Street where permission was granted for conversion from B1 to residential in 2014. The applicant was able to demonstrate that the property had been marketed without interest for office use and that conversion cost to bring the building up to a modern standard was unviable. Furthermore, the fact that this listed building was being returned to its original use, and that the housing was meeting an acknowledged lack of housing supply (no five year supply), weighed in favour of approval.
- d) The Council therefore considers that its approach in policy TC12 does strike a proper balance between supporting and protecting employment (particularly office) uses within town centres, and in creating a flexible policy framework to promote competitive town centres.
- e) NB: At the request of the Inspector, the Council has produced a note setting out its approach to office uses in town centres (ref: Exam 88). This note provides additional evidence on this issue.

## Matter 9: Retail and town centres - Statement for Warwick District Council

### Appendix A: Chandos Street and other key sites in Leamington town centre

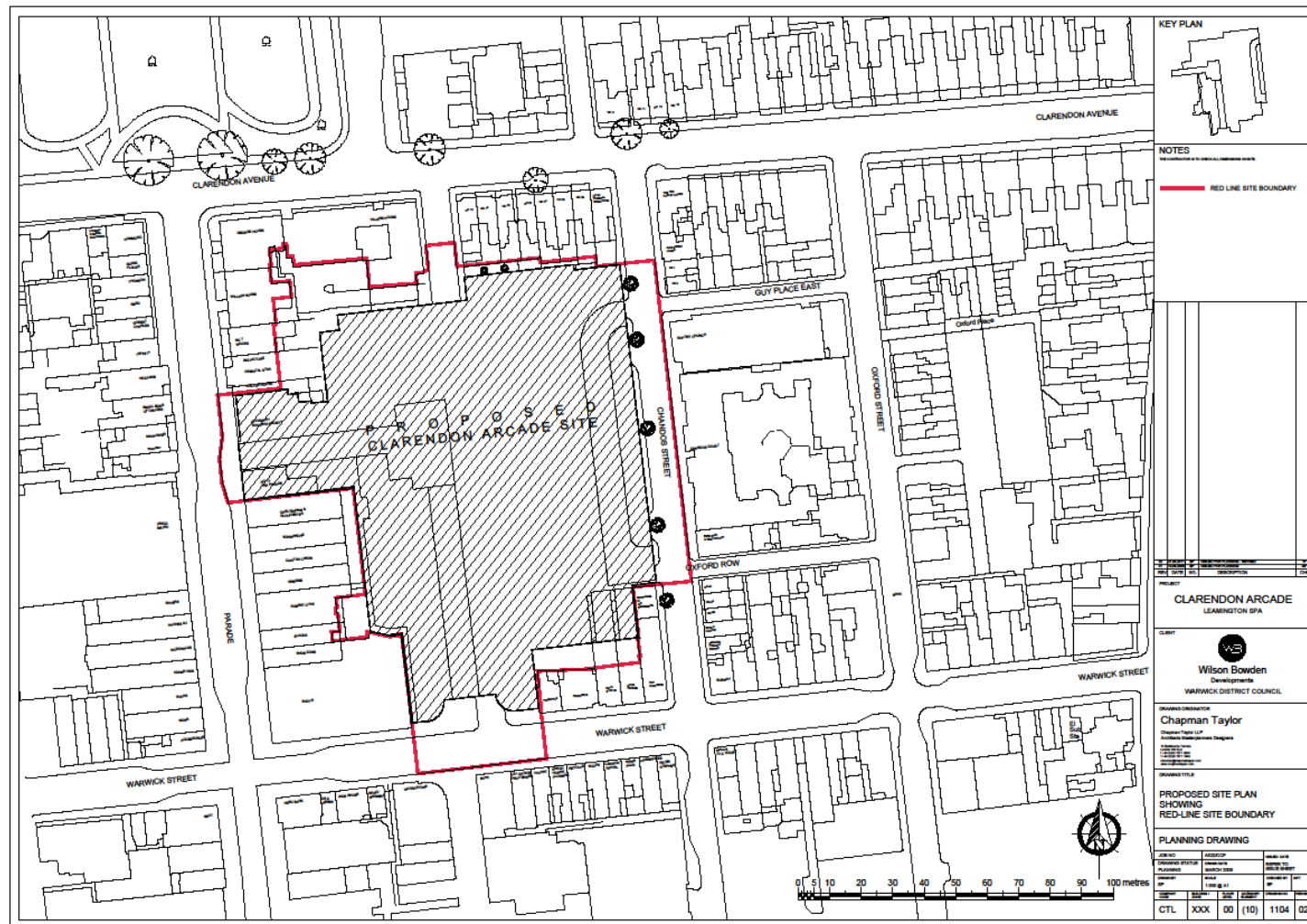




# Matter 9: Retail and town centres - Statement for Warwick District Council

## Appendix B

### (1) "Red line" boundary for Clarendon Arcade proposal (planning application W/10/0340)





**(2) Photograph showing “red line” boundary for Clarendon Arcade proposal (planning app. W/10/0340)**





# Matter 9: Retail and town centres - Statement for Warwick District Council

## Appendix B

### (3) “Details of scheme (planning application W/10/0340)”

“Anchor” retail store	7,300 sq m
42 other retail units	12,600 sq m
Total retail floorspace	19,900 sq m
9 townhouses	
512 car parking space	



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Your ref:

Our ref: WDC/CJ/161020

**SENT BY EMAIL ONLY**

20<sup>th</sup> October 2016

Dear Philip

## **RESPONSE TO OBJECTIONS ON EMERGING LOCAL PLAN (POLICY TC4)**

Warwick District Council (the 'Council') has recently instructed Carter Jonas ('CJ') to provide further clarification on a number of key issues pertaining to the proposed draft policy TC4 of the emerging Local Plan that seeks to allocate the Chandos Street car park site (as shown on the Proposals Map) for major new town centre development to comprise retail and other appropriate major town centre uses.

This advice is being sought by the Council in response to the objection by Ignis UK Property Fund ('Ignis'), owners of the Leamington Shopping Park (previously known as 'The Shires'), that the area identified on the Proposals Map and referred to in Policy TC4 does not "*allocate sufficient land to deliver the mixed use scheme and meet the identified need*". In their representations Ignis also question the deliverability of a retail and mixed use scheme on the Chandos Street site. Ignis state that the allocation is "*not considered to provide an appropriate strategy (still less the most appropriate strategy), is not considered to be effective and is not considered to be consistent with national policy, all as required under the test of soundness*". In conclusion, Ignis is specifically seeking to:

1. remove the Chandos Street car park allocation from proposals map No. 3 Leamington Town Centre and No. 2 Leamington, Warwick and Whitnash;
2. remove Policy TC4 and supporting text entirely from the emerging Warwick District Local Plan (2011-2029) Publication Draft;
3. remove point (a) from Policy TC2; and
4. rely on the amended policy TC2 and policy TC5 to direct retail proposals to the appropriate locations in accordance with national policy.

We understand that the Council is preparing a full and robust response to the unsubstantiated claim by Ignis that a mixed use scheme comprising retail and other town centre uses will not be delivered on the Chandos Street site. We do not therefore propose to address the suitability and deliverability of the Chandos Street site for new retail and town centre uses in any detail in this letter, as the Council is clearly best placed to respond on this point.

Notwithstanding this, we are fully aware that the Council has been working in partnership with its preferred development partner to deliver the redevelopment of the Chandos Street site for a number of years, and they are clearly fully committed to bringing forward a mixed use scheme on this site. Furthermore the Council has indicated that it is confident

that a scheme will be delivered over the plan period, and indeed that have stated recently that there is every prospect that it will come forward over the next 5 years.

Against this background it should be stated at the outset that the Chandos Street scheme and Policy TC4 is fully compliant with the *National Planning Policy Framework* (NPPF, March 2012) and specifically responds to the Government's longstanding commitment to promote new sustainable development and investment in **'town centres first'** to help ensure the vitality of town centres. There can be no doubt that in drawing up its emerging Local Plan, Warwick District Council has addressed all the key requirements of the NPPF (paragraph 23) and the supplementary *Planning Practice Guidance* (PPG), published in March 2014. We can speak with some confidence on this matter, as members of CJ's *Retail and Town Centre Consultancy and Development* team have been advising the Council on retail planning, town centre strategies and development for a number of years. For example, our team members prepared the most recent *2014 Retail and Leisure Study Update* (RLSU).

The council-owned car park on Chandos Street has been identified for a number of years as the most suitable and viable location in the heart of the town centre to help meet the forecast need and demand for new retail floorspace, leisure and other town centre uses over the plan period. It is therefore vital that this planned new investment and development in the town centre is not harmed by potential competing proposals for new retail floorspace and leisure uses that could be brought forward in out-of-centre locations, particularly over the short and medium term. Accommodating new retail and leisure uses in out-of-centre shopping parks will generate no benefits to the town centre's vitality, viability and economy in terms of linked shopping/leisure trips and increases in footfall and turnover. The need to focus new development and investment in Leamington Spa first is even more vital when one considers the fragile nature of its overall vitality and viability. This was identified by the 2014 RLSU and was also commented upon by the Inspector in the Myton Road appeal decision (APP/T3725/A/14/2218334):

*"...while Leamington town centre is reasonably extensive, and offers shoppers a large number of different outlets including independent traders, it has higher than average vacancy rates, limited confidence in recent years, and doubts over future investment. The continuing pressure from a sluggish economy, competition from Coventry and other larger centres, the increase in the number of out-of-town fashion shops which cannot be altogether halted, and the growth of internet sales, means that Leamington Spa is not attracting many new multiples and there is a danger of existing ones leaving. Consequently, I find that it is currently in a fragile position so that even a small trade diversion could make the difference between the town holding its own, and attracting additional investment to new or existing shops, or sliding into a steady decline which could affect vacancy levels and have an impact on the overall vitality and viability of the town centre" (para 12).*

Against this background there can be no justification in our view for removing the Chandos Street car park allocation from the Proposals Map and Policies TC4/TC2(a) in the emerging Local Plan. The inevitable consequence of this action would be to create significant risk and uncertainty for the Council and its development partner in its ongoing commitment to deliver new development and investment in the town centre first, and specifically on the Chandos Street site. This would also occur against the backdrop of increasing uncertainty in the future direction of the economy (post Brexit), the retail sector and our high streets generally. For example, the rapid growth of online retailing and the attraction of large format retail units in out-of-centre locations is having a significant impact on the vitality and viability of town centres, and as a consequence the 'pool' of retailers seeking representation in town centres is shrinking. This is illustrated in Leamington Spa where Debenhams has recently taken space in Leamington Shopping Park, which benefits from Open A1 permission. As a result Debenhams is no longer a potential option for the town centre. Elsewhere we have seen Marks and Spencer close their traditional high street stores in a number of centres over recent years - including Great Yarmouth, Rugby and Harlow – and in most cases they have relocated to out-of-centre parks which benefit from lower occupancy costs, free and substantial parking. Other retailers are also disappearing from our high streets; either through choice, or due to business failure (e.g. BHS).

Turning to the forecast need for new retail floorspace, the 2014 RLSU (Section 8) identified capacity for 5,364 sqm net in Royal Leamington Spa at the base year (2013). This was derived from the difference between the centre's (survey-derived) 'potential' turnover and its estimated 'benchmark' turnover at the time, and the presumption that shops and

stores in the town centre were potentially “over-trading” at the base year resulting in a ‘pent-up’ capacity for new floorspace at the outset of the retail assessment. On this basis the capacity for new comparison goods floorspace was forecast to increase to 7,673 sqm by 2018, 11,431 sqm by 2023 and 16,674 sqm net by 2029.

Alternatively, the 2014 RLSU (para 8.43) also identified that if there was no ‘pent-up’ capacity at the base year, then the need for new retail (comparison goods) floorspace would be reduced by 5,364 sqm net over the plan period. In other words there would be capacity for 2,309 sqm net by 2018, 6,067 sqm net by 2023 and 11,310 sqm net by 2029.

Given the apparent “fragility” of the town centre and the dynamic changes in the retail sector over recent years (including the rising occupancy costs incurred by retailers), as summarised above, we do not consider that the assumption of “over-trading” in Leamington Spa now represents a realistic, reasonable or robust baseline position for the retail capacity assessment. We therefore now advise the Council that the lower capacity forecasts should be adopted for the purpose of the emerging Local Plan. This also reflects the reduced market demand from retailers for representation in town centres over recent years, principally due to the impact of online sales on their business models and (physical) space requirements.

Based on the findings of the 2014 RLSU the Council would therefore need to accommodate the lower floorspace capacity forecast of 6,067 sqm net by 2023. As far as we are aware the Chandos Street would be more than able to meet this need in full over the short/medium term. This is also in compliance with the PPG (para 003: Reference ID: 2b-003-20140306) which states that town centre strategies should assess the potential to accommodate new development and different types of development in centres, and this assessment should “cover a three-five year period, but should also take the lifetime of the Local Plan into account and be regularly reviewed”.

The 2014 RLSU was also clear in its advice to the Council that capacity forecasts carried out over a long period of time “should be treated with caution due to the impact of economic, demographic and market trends on the key assumptions and forecasts” (para 8.7). As a result “greater weight should be placed on the short term forecasts carried out over a three-five year period in accordance with the advice set out in the PPG”. Notwithstanding this, we understand from the Council that Chandos Street and the town centre could potentially accommodate all the forecast need up to 2029 (of 11,310 sqm net), in compliance with the NPPF.

Finally, the requirement to regularly review retail assessments as identified by the PPG is also particularly relevant to the consideration of the need for new retail floorspace in Warwick District and specifically Leamington Spa. The Council will be aware, for example, that since the last RLSU was published in April 2014 there have been a number of revisions to the key forecasts that underpin the retail capacity assessments; including to expenditure growth, floorspace ‘productivity’ growth and the market share of special forms of trading (including internet sales). Based on recent “refreshes” of retail capacity assessments we have carried out for other local planning authorities, we believe that these revised forecasts will effectively reduce the capacity for new comparison goods floorspace over the short, medium and long term. Furthermore, the Council has identified a number of permissions for new retail floorspace since the 2014 RLSU was prepared that will have further reduced the capacity for new comparison goods floorspace. Consideration should also be given to the fact that the household survey that informed the 2014 RLSU was conducted in July 2013, and there will inevitably have been changes in shopping patterns and preferences, and town centre market shares over the last 3 years that will impact on the retail capacity forecasts.

In conclusion, the Chandos Street site represents a key investment and development opportunity in the heart of the town centre in compliance with the NPPF. The Council has also confirmed its commitment to the delivery of this site for new retail, leisure and town centre uses over the plan period. In this context the representation by Ignis to remove the Chandos Street car park allocation from the Proposals Map and Policies TC4/TC2(a) in the emerging Local Plan would clearly be contrary to the Government’s longstanding policy commitment to promote new investment and development in town centres first. The inevitable consequence in this case of removing this site and policy from the emerging Local Plan would be to create significant risk and uncertainty for Leamington Spa at a time when the centre is facing increasing challenges from online shopping, out-of-centre retailing and competing neighbouring centres. The delivery of Chandos

Street for new retail and mixed use development is therefore critical to the Council's strategy and key objective of maintaining and improving the town's vitality and viability, and strengthening its position in the sub-regional hierarchy of centres and the national rankings.

Turning to the capacity forecasts identified by the 2014 RLSU, although they represented a robust and sound evidence base at the time to help inform the Council's preparation of its emerging Local Plan, it is clear that changes in the economy, retail sector and shopping patterns over the last 3 years will have combined to reduce the forecast capacity for new retail floorspace in the District and Leamington Spa over the short, medium and long term. Although we have not updated the capacity forecasts or household survey to inform our advice to the Council in response to the representations made by Ignis, we are nevertheless confident that Chandos Street site would be able to accommodate the revised and reduced forecast need up to 2029.

We trust that our advice to the Council in response to the representations by Ignis is helpful. If you have any questions or require further clarification, please do not hesitate to contact Carter Jonas directly.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Steven Norris', with a stylized flourish at the end.

**Dr Steven Norris BA MPhil PhD MRTPI**

**Partner**

Head of National Retail and Town Centre Consultancy & Development  
For and on behalf of Carter Jonas