

# RETAIL DEVELOPMENT PROPERTY BRIEFING PAPER 1

October 1996

RETAIL-1b

## CONTACTS

Jim Morrissey  
BSc, ECON(HONS), DIP TP MRTPI  
Chase & Partners

Graham Chase  
DIP EST MAN, FRICS  
Chase & Partners

## PPG6 RETAIL WAREHOUSING: TOWARDS CONSENSUS? MATTER OF CONTROL!

In recent years, Jim Morrissey has advised over 40 local planning authorities on retail strategies, policies and proposals, formerly as Director of Planning and Development Consultancy at Erdman Lewis, the West End Property Consultancy, and more recently as Planning Consultant to Chase & Partners, Commercial Property Consultants.

Graham Chase, Senior Director of Chase & Partners is currently the Chairman of the Commercial Market Panel of the Royal Institution of Chartered Surveyors and in his capacity of Retail Property Spokesman appeared before the House of Commons Select Committee investigating Shopping Centres and their Future which is referred to later in this paper.



## ***Executive Summary***

- Perceived threat of retail warehouses to town centres - no consensus.
- The legitimacy of retail warehousing was highlighted.
- June 1996 PPG6 acknowledges that retail parks cannot be easily accommodated in town centres.
- PPG6 now advocates that planning conditions should be used to ensure that developments do not change their character.
- Only 20% of local planning authorities, in a recent survey, have specific bulky goods policies in their local plans/UDP's.
- Research reveals confusion and no consensus on the role of retail warehouses.
- Dilemma over the use of positive or negative conditions.
- Negative style of conditions appears to be favoured by Secretary of State.
- Conditions should not be overly prescriptive.

The overriding objective, regardless of the form of control, must be to protect the vitality and viability of the town centre and to maximise the overall facilities available to the shopping catchment population as a whole.

## ***Introduction***

Perhaps the main point of concern to local authorities in the retail field is the threat that out of centre retail warehouse development poses to town centres. However, although such concern is almost universal there appears to be practically no consensus amongst local authorities as to whether the retail warehouse format is a legitimate form of provision or, even if it is felt that it is, which range of goods ought properly to be permitted to trade in them. Moreover, where local planning

authorities do accept retail warehouses as a legitimate form of provision and wish to control the range of goods to be sold, there is no consensus as to whether such control should be by way of a legal agreement or condition or whether control should be by way of a positive approach (setting out what can be sold) or a negative approach (setting out what cannot).

**Adolescence**

Although the concept of retail warehouses was first promoted as long ago as 1972, the purpose built form has only been around for some 15 years and retail warehouse parks emerged as recently as the mid 1980's. However, retailing is probably the most dynamic of industries and the changes that have taken place in retailing in the past 15 years have outstripped many others. Retail warehousing has been no different; whereas in the early 1980's retail warehouses were considered to cater for bulky goods retailers, more recently retailers with a considerable presence in the High Street have also sought out of centre locations.

**Policy**

The 1993 PPG6 did not provide much real guidance to planning authorities on retail warehouses. It acknowledged (at para 22) that some operators needed a large floor area and sufficient car parking.

It also accepted that retailing out of centre could relieve congestion and stimulate competition (para 27). However, no guidance was given as to which retail formats/goods categories were bulky or otherwise appropriate for retail warehouses. On the matter of controlling the goods to be sold in retail warehouse schemes, it set out that 'it may be suitable to consider the use of planning conditions' (para 34).

**Environment Select Committee**

The new PPG6 was preceded by one of the highest profile examinations of retailing in the UK for decades, the report by the Environment Select Committee of the House of Commons on Shopping Centres and Their Future (October 1994) which recognised the various types of shopping facilities and the roles they performed. The legitimacy of retail warehousing was highlighted in this report, which set out:

*"It seems to us legitimate for bulky goods to be sold in retail warehouses out of town, as*

*they need the display space.” (Para 75).*

The Government’s response to the Select Committee’s recommendations (February 1995) also accepted that retailers of bulky goods and those requiring extensive showroom space may locate in out of centre locations, but subject to the sequential test.

**New PPG 6**

Like its predecessor, the 1996 PPG 6 again avoids giving specific advice on this issue. It does acknowledge that ‘retail parks may provide large showrooms that cannot be accommodated easily in town centres’ (para 3.7).

However, unlike its predecessor, it does assert that planning conditions should be used to ensure that developments do not change their character unacceptably. There are two points to note here. The first is the use of the imperative (should be used); the second is that national guidance refers to conditions and not legal agreements.

The question is, are local authorities imposing suitable and effective standard conditions?

**Local Authority Survey**

In June and July of this year, a sample of 70 planning authorities throughout England and Wales were contacted in order to shed light on the following issues:

- did their local plan contain policies specifically addressing bulky goods retail warehousing?
- if so, did the plan set out the range of goods it would normally accept as appropriate in retail warehouse developments?

The results revealed that only 20% of local planning authorities contacted had specific bulky goods policies in their local plans/UDPs, with the remaining 80% having to address this point in an ad hoc fashion. Interestingly, 75% of those authorities that do include specific ‘bulky goods’ policies seek to control the range of goods to be sold by way of a ‘positive’ condition.

### ***Problems of Definition***

The actual range of goods permissible varied widely: DIY, electrical goods, furniture and floor coverings formed the mainstay, but other goods categories included office supplies, auto parts, household fabrics and pet supplies.

The research revealed, and clearly, that not only is there no consensus on the role of retail warehouses, there is much confusion.

If we accept the basis of the Environment Select Committee's observations and the points made in PPG 6, it seems logical to accept that the 'legitimacy' of retail warehouse operators has two strands:

- bulky goods
- large space users

The problem with the former is that not all items sold in DIY units, for example, are bulky yet the overall activity is generally deemed to be so. The problem with the latter is not so obvious in deciding when a requirement for a large space building is truly related to the trading style of the prospective operator. An example of this would be the household fabric retailers whose style of trading and retail offer requires accommodation for a number of room settings so that co-ordinated fabric ranges can be properly displayed and across the whole range of colour co-ordinates.

In this way, to adequately display bedspreads the operator invariably requires to display beds and related bedroom furniture. At £50 per sq ft (a notional town centre Zone A rent) displaying room settings is very expensive. At £7.50 per sq ft (notional retail warehouse rental levels), it is a more practical proposition. In the circumstances, it is not surprising that furniture retailers and others cannot afford to trade from large space units in town centres.

### ***Type of Control***

Much variety abounds amongst local authorities as to how best to exercise control over the range of goods sold in retail warehouses. The dilemma is over the use of 'positive' or 'negative' conditions. One authority contacted during the survey actually imposed both!

The standard 'positive' condition appears to restrict sales to DIY, furniture, floor coverings, fabrics, electrical goods and various others. In this connection, the policy adopted by Leicester City Council has evidently been 'borrowed' by many authorities. It states that conditions will be imposed to limit goods sold to:

- Building and DIY supplies,
- Furniture, floor coverings and fabrics,
- Electrical goods,
- Motor vehicles, cycle and spare parts,
- Garden items,
- Caravans, tents and camping equipment,
- Boats and dinghies.

However, it seems that Leicester City Council is now questioning the utility of the 'positive' condition and is now contemplating its replacement by a 'negative' condition.

It is also the case that the 'negative' style of condition appears to be favoured by the Secretary of State. Indeed, when determining some of the most significant appeals held into new retail warehouse schemes in the last few years (e.g. Hedge End, the extension to Fosse Park and the Bolton Sports Village proposal) Mr Gummer has preferred and imposed the 'negative' style of condition.

On this topic, the 'positive' versus 'negative' approach was debated at some length at the Inquiry arranged to hear the extension to Fosse Park in Leicestershire, and which was determined in June 1995 (DoE Ref: APP/T2405/A/94/233616). At that Inquiry, the City and County Councils had sought a 'positive' condition, but the Inspector reported on the issue that::

*"It seems to me however, despite the endorsement of the Leicester Local Plan Inspector for such a condition, that a list of permitted goods could not hope to be comprehensive and that the condition would be difficult if not impossible to enforce."*

In the event, the Inspector preferred a 'negative' style of condition, setting out what could not be sold, and the Secretary of State agreed.

Perhaps this landmark decision has helped persuade Leicester City Council to review its (relatively) recently adopted policy. As of, June 1996, the City Council was in the process of amending its policy stance to address the 'negative' approach as follows:

*“..... the premises shall not be used for the sale of food for consumption off the premises (other than confectionery), clothing (including sports wear), shoes, toys, fashion accessories, books, computer software, music records, video and audio tapes, without the prior consent of the local planning authority.”*

## **Challenges**

Elsewhere in the country, local planning policies promoting the 'positive' approach (when included in local plans) are being increasingly challenged. For example, the Ipswich Local Plan deposit copy contained a policy regarding bulky goods retailing which sought to restrict the range of goods to DIY, furniture, floor coverings, car accessories, car sales/caravans and electrical goods. Following the public local inquiry, the Inspector's Report was received in April 1996. The Inspector considered that the above approach was too prescriptive and recommended that it be amended to include a general reference to:

*“other retail trades dealing in bulky goods and requiring display areas of a size unlikely to be available in the town centre.”*

This approach again appears to acknowledge the two strands that the test of legitimacy contains, e.g. bulky goods and larger display areas.

## **Towards Consensus?**

In seeking to put forward for discussion and debate an approach that may lead towards some form of consensus on this difficult issue, it pays to bear in mind those goods categories which consistently underwrite town centre retailing.

With this in mind, the following 'negative' condition might form the basis of a more uniform and acceptable approach:

*"The premises shall not be used for the sale of goods (other than confectionery), clothing, including sports wear and children's clothing, shoes, toys, fashion accessories including handbags and luggage, watches and jewellery, perfume and toiletries, books, music records, video and audio tapes, without the prior consent of the local planning authority."*

At the end of the day, the objective ought to be not to control the range of goods sold per se, but to protect the vitality and viability of our town centres and to ensure that a comprehensive retail offer is available to the catchment so that leakage to other centres does not undermine the overall profile of the town.



**FURTHER INFORMATION**

*Further copies of this briefing paper may be obtained from the authors, as may additional information or assistance on planning and development issues.*

*Chase & Partners provide comprehensive retail planning and development services to local authorities and the private sector, including 'health checks' and retail impact assessments, and the sequential test. Graham Chase and Jim Morrissey have advised over 50 local authorities on retail matters.*

