



# NEWS

While the government wants the town centre to come first in all matters retail, developers ask for more flexibility.  
**Stuart Watson** reports

With little development taking place over recent years, the in-town versus out-of-town retail debate has been in abeyance. Now, economic recovery has prompted developers to begin removing their schemes from mothballs, and the issue once again looks set to become a hot potato for developers, councils and the government.

Two recent legal challenges against decisions to award planning permission to retail parks brought by the promoters of in-town schemes in Banbury and Rugby have foundered in the courts. Battle lines are being drawn in St Austell in Cornwall and Maidstone in Kent over out-of-town shopping schemes.

Meanwhile, Northamptonshire awaits a decision from secretary of state Eric Pickles on a 465,000 sq ft retail park at Rushden Lakes (pictured right) that may well demonstrate exactly where the government stands in the dispute.

That debate is taking place against a backdrop of deep and rapid change in shopping patterns as internet retailing takes up an ever-growing share of spending and great public anxiety over the growing number of vacant high street shops.

New planning practice guidance released in March showed the coalition sticking to the "town centre first" policy that has been at the centre of planning law on retail development since 1996. It calls for planning authorities to carry out a sequential test that will "require applications for main town centre

uses to be located in town centres, then in edge of centre locations, and only if suitable sites are not available should out-of-centre sites be considered."

Mark Williams, a director at asset manager Hark Group and chair of the government's distressed retail property taskforce, says: "There is a 'town centre first' policy, and our discussions with ministers suggest they will continue to support that."

Williams says that the taskforce report, which was released in November, calls upon local authorities to respond to the changing retail landscape by conducting an up-to-date assessment of their town centres, making development plans based upon that information, using compulsory purchase powers to put together sites suitable to accommodate modern retail formats and then calling in the private sector to deliver schemes.

"Only if they decide that is inappropriate should they then focus on where they can provide it out of town, but I think that will only be on a few rare occasions," he adds.

Some observers question whether that policy is currently being followed in practice. In March, a judicial review of Rugby Borough Council's decision to grant permission for owner Hammerson to double the size of the Elliot's Field (pictured above) retail park a mile outside the town centre to 320,000 sq ft

was rejected. CBRE Global Investors, which is proposing the 132,000 sq ft Clock Towers scheme in the town centre, brought the challenge. In a statement the fund said that it was now unlikely to continue with its plan for reasons of viability.

In December, plans for developer LXB's 295,000 sq ft Banbury Gateway retail park also survived a judicial review brought by Scottish Widows Investment Partnership (SWIP), which is proposing a 154,000 sq ft town centre scheme. A SWIP spokesperson says: "SWIP is disappointed with the outcome of the judicial review, but nevertheless remains committed to progressing its development at Castle Quay."

Secondary shopping centre asset management specialist Ellandi is opposing out-of-town schemes in St Austell and Northamptonshire. In both cases Ellandi believes its plans to improve nearby town centre properties will be adversely affected.

Investment director Mark Robinson says: "We are not rabidly anti out-of-town development, but what seems to be the perverse and illogical conclusion of the current planning regime that, unless you can build enough out-of-town retail to have the critical mass to attract all the retailers that you want and make lots of money, then out-of-town retail isn't sustainable. That is why we are getting ridiculous applications for 350,000 sq ft, when 120,000 would be fine."



Let me out: Elliott's Field (left) owner Hammerson got permission to double the out-of-town centre, while the decision on Rushden Lakes retail park was referred to Eric Pickles

"Building on a green field is easy. Development in town centres is more complicated and it takes longer, but the rewards are potentially higher because of the spin-offs amenity and community," he argues. "We would like to see the spirit of planning policy implemented not to the letter."

In Rugby the council decided that it had to approve Elliott's Field in order to prevent the leakage of retail spending to other towns and to secure Debenhams as an occupier.

"Debenhams wouldn't have come to the town otherwise," claims Andrew Berger-North, head of Hammerson's retail parks team. "They want a 60,000 sq ft store trading on two levels, and there just isn't the opportunity in the town centre."

Meanwhile, in Banbury the sale of the land for the retail park will enable engineering firm Prodrive, which had outgrown its site, to move to a new facility while remaining close to the town.

In a time of economic hardship such considerations have taken precedence, argues Ian Anderson, head of national retail and leisure planning at CBRE: "The focus for the last three years has been on jobs, investment and growth. For edge-of-centre sites there has been a softening of the 'town centre first' policy at local level. Developers have played the jobs and investment card very strongly, and the government has been hands-off in terms of calling applications in."

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Williams says recent decisions on "legacy" applications for out-of-town schemes, which were submitted some time ago, may not reflect current planning policy.

Adam Pyrke, director of planning at Colliers International, also believes policy towards out-of-centre development will harden: "In recent years it has been a nominal policy of 'town centre first', where many authorities have placed greater weight on the short-term creation of jobs as opposed to a longer-term strengthening of town centres. We are moving beyond that era now."

Will McKee, chief executive of retail park advocacy body Accessible Retail, argues that concentrating retail development on town centres and exclude all else would be economically damaging: "Retailing is the third largest employment sector in the country and a major driver of GDP growth. It is facing intense competition from multi online sales. Town centre sites are facing a range of issues magnifying that

challenge – rents and business rates are very high; they are congested; sites are small, irregular and unsuited to the kind of efficient floorspace that retailing needs to meet that competition."

McKee contends that retail parks can be complimentary to high streets, providing the kind of space that retailers need to be competitive while keeping spending within a local area. Attempts by planners to force retailers into high streets will fail and may be counterproductive, he says. "Market forces are so strong they are not going to win. For the majority of centres 'town centre first' deflects them from their primary task – diversification and bringing in new uses. Local authorities can't rely on retail anymore as the primary or the sole reason why their town centre is attractive."

Few people engaged in the debate are arguing for a blanket ban on out-of town retail or a complete deregulation of planning, but there are significantly different opinions on where planning policy should place its emphasis. Eric Pickles' decision on Rushden Lakes has already been delayed twice, and is now unlikely to emerge before the local elections in May.

It is rumoured he might reject the scheme but say how much retailing he would accept. That might be seen as a compromise which would satisfy neither side, or perhaps as an acceptance that the problem of how property adapts to a changing retail landscape is not capable of facile solution. ■